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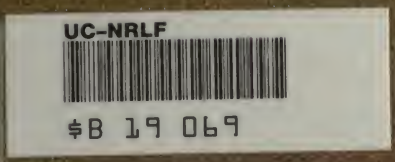

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ON THE

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OF

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BY J. R. Mc CULLOCH.

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A TREATISE

ON

THE PRINCIPLES, PRACTICE, AND HISTORY

OF

COMMERCE.

Chapter I.

Definition and Origin of Commerce—Separation of Employments among those by whom Commercial Transactions are carried on—Advantages of this Separation—Wholesale Dealers—Retailers—Brokers, &c.

Commerce, from *commutatio mercium*, is the exchange of one sort of commodities for some other sort of commodities.

This species of industry has its origin in the nature of man and the circumstances under which he is placed; and its rise is coeval with the formation of society. The varying powers and dispositions of different individuals dispose them to engage in preference in particular occupations; and every one finds it for his advantage to confine himself wholly or principally to some one employment, and to barter or exchange such portions of his produce as exceed his own demand, for such portions of the peculiar produce of others as he is desirous to obtain and they are disposed to part with. The division and combination of employments is carried to some extent in the rudest societies, and it is carried to a very great extent in those that are improved. But to whatever extent it may be carried, commerce must be equally advanced. The division of employments could not exist without commerce, nor commerce without the division of employments: they mutually act and react upon each other. Every new sub-division of employments occasions a greater extension of commerce; and the latter cannot be extended without contributing to the better division and combination of the former.

In rude societies, the business of commerce, or the exchange of commodities, is carried on by those who produce them. Individuals having more of any article than is required for their own use, endeavour to find out others in want of it, and who at the same time possess something that they would like to have. But the difficulties and inconveniences inseparable from a commercial intercourse carried on in this way are so obvious as hardly to require being pointed out. Were there no merchants or dealers, a farmer, for example, who had a quantity of wheat or wool to dispose of, would be obliged to seek out those who wanted these commodities, and to sell them in such portions as might suit them; and, having done this, he would next be forced to send to, perhaps, twenty different and distant places, before he succeeded in supplying himself with the various articles he might wish to buy. His attention would thus be perpetually diverted from the business of his farm; and while the difficulty of exchanging his own produce for that of others would prevent him from acquiring a taste for improved accommodations, it would tempt him to endeavour to supply most that was essential by his own labour and that of his family; so that the division of employments would be confined within the narrowest limits. The wish to obviate such inconveniences has given rise to a distinct mercantile class. Without employing themselves in any sort of production, merchants or dealers render the greatest assistance to the producers. They collect and distribute all sorts of commodities; they buy of the farmers and manufacturers the things they have to sell; and bringing together every variety of useful and desirable articles in shops and warehouses, individuals are able, without difficulty or loss of time, to supply themselves with whatever they want. Continuity is in consequence, given to all the operations of industry. As every one knows beforehand where he may dispose to the best advantage of all that he has to sell, and obtain all that he wishes to buy, an uninterrupted motion

is given to the plough and the loom. Satisfied that they will have no difficulty about finding merchants for their produce, agriculturists and manufacturers think only how they may improve and perfect their respective businesses. Their attention, no longer dissipated upon a variety of objects, is fixed upon one only. It becomes the object of every individual to find out machines and processes for facilitating the separate task in which he is engaged; and while the progress of invention is thus immeasurably accelerated, those who carry on particular businesses acquire that peculiar dexterity and *sleight of hand* so astonishing to those who live in places where the division of labour is but imperfectly established. Facility of exchange is, in truth, the vivifying principle, the very soul of industry; and no interruption is ever given to it without producing the most ruinous consequences.

The merchants, or dealers, collect their goods in different places in the least expensive manner; and by carrying them in large quantities at a time, they can afford to supply their respective customers at a cheaper rate than they could supply themselves. Not only, therefore, do they, by enabling every employment to be carried on without interruption, and the divisions of labour to be perfected, add prodigiously to the powers of industry, and by consequence to the wealth of the community, but they also promote the convenience of every one, and reduce the cost of merchandising to the lowest limit. According as commerce is extended, each particular business becomes better understood, better cultivated, and carried on in the best and cheapest method: where it is far advanced, the whole society is firmly linked together; every man is indebted to every other man for a portion of his necessaries, conveniences, and enjoyments; everything is mutual and reciprocal; and a large country becomes, in effect, from the intimate correspondence kept up through the medium of the mercantile class, like a large city.

The annihilation of the class of traders would deprive us of all these advantages. The difficulties that would then be experienced in selling and buying would oblige every one to attempt, in so far as possible, directly to supply his own wants; the division of employments would be contracted on all sides, and the country would gradually relapse into a state little, if at all, superior to its state at the Conquest.

The celebrated Italian economist, the Count di Verri, has defined commerce to be the conveyance of commodities from place to place (*trasporto delle mercanzie da un luogo a luogo*). This definition has been adopted by M. Say, who contends that commerce does not consist in exchanges, but in bringing commodities within reach of the consumers (*il consiste essentiellement à placer un produit à la portée de ses consommateurs*). But this is plainly to confound the means with the end; the preparations for an exchange with the exchange itself. The conveyance of commodities from place to place is necessary to enable commerce to be carried on; but unless they be conveyed in the view of being sold or exchanged for other commodities, and unless that exchange actually takes place, there is no room or ground for considering the conveyance in the light of a commercial operation. It is obvious, too, that though the Count di Verri's definition were not erroneous in this respect, it is not sufficiently comprehensive. Suppose that a hat-manufactory is established in Regent-street, and that a shop is attached to it, where the hats are sold; no one doubts that those employed in this shop are engaged in a commercial undertaking, and yet they have nothing to do with the carriage of commodities. Whatever, therefore, may be the particular sort of commerce carried on, whether the commodities have been brought from a distance or produced on the spot, its object and end is an exchange; when this end is not attained, no act of commerce can be said to have taken place.

The erroneous definition of commerce which M. Say has adopted, has hindered him from rightly appreciating its influence. 'In commerce,' says he, 'there is a genuine production, because there is a modification productive of utility and value. The merchant, after buying a commodity at its current price, sells it again at its current price; but the last price is greater than the former, because the merchant has brought the commodity into a situation which has really augmented its price; and the society is enriched by this augmentation.'—(*Cours d'Economie Politique*, t. ii., p. 213.) But though this be true, it is not the whole truth, nor even the greater

part of it. Suppose that a hatmaker and a shoemaker live in contiguous houses: if the one exchange his hats for the other's shoes, society will not, certainly, gain much by the change in the locality of the commodities; but it will, notwithstanding, be materially benefited by the transaction; for, in consequence of the exchange, each tradesman will be able to confine himself to his own business: the hatmaker will not be obliged to waste his time in clumsy attempts to make his own shoes, nor will the shoemaker be compelled to make his own hat. It is in this that the *peculiar* advantage of commerce consists. What an individual gives for anything is, speaking generally, the fair equivalent of what he gets. But the facility of exchanging allows every one, as has been already seen, to apply all his energies to some one department; and in this way occasions the production of an incomparably greater quantity of all sorts of wealth than it would otherwise be possible to produce.

The mercantile class has been divided into two leading classes—the wholesale dealers and the retail dealers. This division, like the divisions in other employments, has grown out of a sense of its utility. The wholesale merchants buy the goods at first hand of the producers; but instead of disposing of them to the consumers, they generally sell them to the retailers or shopkeepers, by whom they are retailed or distributed to the public in such quantities and in such a way as is most suitable for them. The interest of all parties is consulted by this division. Had the wholesale dealers attempted also to retail their goods, they could not have given that undivided attention to any part of their business, so necessary to ensure its success. A retailer should be constantly at his shop; not merely that he may attend to the orders daily sent to him, but that he may learn all that transpires with respect to the situation of his customers, their wants, and their circumstances. But wholesale dealers, being obliged to attend to what is going on in different and distant quarters, cannot give this minute attention to what happens in their immediate vicinity; and though they could, the capital required to carry on a wholesale business would not be sufficient for that purpose were the business of retailing joined to it. Were there only one class of merchants, the capital and the number of individuals employed in commercial undertakings would not, probably, be less than at present; but the merchant, being obliged to apply himself principally to one department, would have to leave the chief share of the management of the other to servants—a change which, as every one knows, would be productive of the most mischievous consequences.

There can, therefore, be no doubt that the separation in question has been highly advantageous. The classes of merchants, like those of artificers, are mutually serviceable to each other and to the public. Without this subdivision, commerce would have been impeded in its operations; particular branches of it would have been comparatively neglected; nor would any branch have been carried on with the same economy and attention with which all are now conducted.

But notwithstanding what has been stated, a notion seems to be very generally entertained, that retail dealers are the least useful class of tradesmen; and their increase has seldom been looked upon with a favourable eye. This, however, is a most unfounded prejudice. Every one is ready to admit, that the wholesale merchant who brings a cargo of coal from Newcastle, or a cargo of tea from China, has rendered an essential service to the community. But of what use would this importation be, were not these commodities retailed, or divided and sold in portions suited to the wants and means of the citizens? There are but few persons, even in this immense metropolis, who would choose to supply themselves at once with an entire cargo of coal; and there is not one who would so much as think of buying a cargo of tea. The truth is, that the one species of dealers is in no respect more or less advantageous than the other. If commodities were not retailed, the wholesale trade would have to be abandoned; while, on the other hand, retailing could not be carried on without the assistance of the wholesale dealers.

The following passage from the Wealth of Nations confirms and illustrates what has now been stated:—

'Unless a capital was employed in breaking and dividing certain proportions either of the rude or manufactured produce into such small parcels as suit the occasional demands of those who want them, every man would be obliged

to purchase a greater quantity of the goods he wanted than his immediate occasions required. If there was no such trade as a butcher, for example, every man would be obliged to purchase a whole ox or a whole sheep at a time. This would generally be inconvenient to the rich, and much more so to the poor. If a poor workman was obliged to purchase a month's or six months' provisions at a time, a great part of the stock which he employs as a capital in the instruments of his trade or in the furniture of his shop, and which yields him a revenue, he would be forced to place in that part of his stock which is reserved for immediate consumption, and which yields him no revenue. Nothing can be more convenient for such a person than to be able to purchase his subsistence from day to day, or even from hour to hour, as he wants it. He is thereby enabled to employ almost his whole stock as a capital; he is thus enabled to furnish work to a greater value; and the profit which he makes by it in this way much more than compensates the additional price which the profits of the retailer imposes upon the goods. The prejudices of some political writers against shopkeepers and tradesmen are altogether without foundation. So far is it from being necessary either to tax them or to restrict their numbers, that they can never be multiplied so as to hurt the public, though they may be so as to hurt one another. The quantity of grocery goods, for example, which can be sold in a particular town is limited by the demand of that town and its neighbourhood. The capital, therefore, which can be employed in the grocery trade cannot exceed what is sufficient to purchase that quantity. If this capital is divided between two different grocers, their competition will tend to make both of them sell cheaper than if it were in the hands of one only; and if it were divided among twenty, their competition would be just so much the greater, and the chance of their combining together, in order to raise the price, just so much the less. Their competition might, perhaps, ruin some of themselves; but to take care of this is the business of the parties concerned, and it may safely be left to their discretion: it can never hurt either the consumer or the producer. On the contrary, it must tend to make the retailers both sell cheaper and buy dearer than if the whole trade was monopolized by one or two persons. Some of them, perhaps, may occasionally decoy a weak customer to buy what he has no occasion for. This evil, however, is of too little importance to deserve the public attention, nor would it necessarily be prevented by restricting their numbers.' (*Wealth of Nations*, vol. ii., p. 144.)

It is often asserted that the retail dealers make enormous profits, and that they charge exorbitant prices. But the smallest reflection must suffice to satisfy every reasonable person that these statements can have no good foundation. The retailers have no monopoly of the market. Any individual who thinks fit may open a retail shop to-morrow; and such being the case, can any one imagine that, in a country where competition is pushed to its farthest limits, and where thousands are upon the watch to find out methods of employing capital with the smallest additional advantage, a large class of traders, enjoying no peculiar privilege, and whose business is not difficult to learn, should be permanently and generally in the habit of realizing a comparatively large profit? Any such supposition would be absolutely ludicrous. It is true, indeed, that particular tradesmen, who have, by means of superior skill, or what, perhaps, is more common, through accident or superior address, obtained a reputation in the fashionable world, often realise immense profits. Such persons are in some measure emancipated from the influence of that competition which beats down the prices and profits of their neighbours to the same common level. There is a *je ne sais quoi* about their shops, which has a powerful attraction for certain classes of customers, and induces them to buy articles there, which they might buy elsewhere at a cheaper rate. But shopkeepers and customers of this description are but few in number; and the extra profits which the former make are far too inconsiderable, when considered as a whole, sensibly to affect the average rate of profit realised by the rest of the mercantile class.

Besides the peculiar description of persons now alluded to, the smaller class of retailers, or those established in country towns and villages, often seem to realise very large profits. But the magnitude of their gains is more apparent than real. Such persons are obliged to attend to their shops, and they must, therefore, sell their goods for

such a sum as will not only yield them the customary profits of stock at the time, but also the wages or remuneration to which they are entitled. When a large capital can be employed in the business of retailing, a small addition to the price of the goods sold is sufficient to afford wages; but where the business transacted is but small, the addition made to the price on account of wages must be proportionally large; and hence it is that groceries and such like articles are for the most part cheaper in cities than in the country. The cause of the discrepancy is, not that the country grocer is making large profits, but that he is obliged, in order to get a return for his trouble in attending to his shop, to increase considerably the price of the articles in which he deals.

'Apothecaries' profit,' says Dr. Smith, 'is become a by-word, denoting something uncommonly extravagant. This great apparent profit, however, is frequently no more than the reasonable wages of labour. The skill of an apothecary is a much nicer and more delicate matter than that of any artificer whatever; and the trust which is reposed in him is of much greater importance. He is the physician of the poor in all cases, and of the rich where the distress or danger is not very great. His reward, therefore, ought to be suitable to his skill and his trust, and it arises generally from the price at which he sells his drugs. But the whole drugs which the best employed apothecary, in a large market-town, will sell in a year, may not, perhaps, cost him above thirty or forty pounds. Though he should sell them, therefore, for three or four hundred, or at a thousand per cent. profit, this may frequently be no more than the reasonable wages of his labour, charged, in the only way in which he can charge them, upon the price of his drugs: the greater part of the apparent profit is real wages disguised in the garb of profit.' (*Wealth of Nations*, vol. i., p. 184.)

Besides the two great classes of wholesale and retail dealers, there are various subordinate classes, such as brokers, factors, agents, &c., employed in carrying on the business of commerce. We subjoin a few details respecting those that are most important.

Brokers are persons employed, as middle-men, to transact business or negociate bargains between different merchants or individuals. They are sometimes licensed by public authority, and sometimes not. They are divided into numerous classes, as bill or exchange brokers, stock brokers, ship and insurance brokers, &c. It is usual, too, for the brokers who negociate sales of produce between different merchants, to confine themselves to some one department or line of business; and by attending to it exclusively, they acquire a more intimate knowledge of its various details, and of the credit of those engaged in it, than could be looked for on the part of a general merchant; and are consequently able, for the most part, to buy on cheaper and sell on dearer terms, than those less familiar with the business. It is to these circumstances, to a sense of the advantages to be derived from using their intervention in the transacting of business, that the extensive employment of brokers in London, and all other large commercial cities, is to be ascribed.

Factors are agents employed to transact business. They are not generally resident in the same place as their principals, but usually in a foreign country, or a distant part of the same country. They are authorized, either by letter of attorney, or otherwise, to receive, buy, and sell goods and merchandise, and, generally, to transact all sorts of business on account of their employers, under such conditions and limitations as the latter may choose to impose. A very large proportion of the foreign trade of this, and most other countries, is at present carried on by means of factors or agents.

A factor is usually paid by a per centage or commission on the goods he sells or buys. If he act under what is called a *del credere* commission, that is, if he guarantee the price of the goods sold on account of his principal, he receives an additional per centage to indemnify him for this additional responsibility. In cases of this sort, the factor stands in the buyer's place, and must answer to the principal for the value of the goods sold. But where the factor undertakes no responsibility, and intimates that he acts only on account of another, it is clearly established that he is not liable in the event of the buyer's failing.

Commercial travellers form, in Great Britain, a numerous and a highly useful class. They are employed by the wholesale merchants, and frequently also by the manufacturers. Their business is to visit the retail dealers in different

parts of the country, and to inform themselves of their character and circumstances, and the degree of credit that may be safely given to them; to give the dealers every requisite information with respect to the articles which they undertake to furnish; to receive payment of accounts; and to receive and transmit orders to their employers. The information that is thus obtained by the manufacturers and wholesale dealers enables them to conduct their business with comparative security; and the wish to stand well in the estimation of the traveller is a motive to the retail dealers to be punctual to their engagements. The travellers generally make their visits periodically, giving previous intimation of their approach to those whom they visit. The number of such persons in Great Britain is very great. Some are paid by a commission on the business which they perform; but the great majority are paid by salaries.

Hawkers and pedlars are a sort of ambulatory retail dealers. They were at one time very common in this, as they still are in several other countries: but since shops, for the sale of almost every sort of produce, have been opened in every considerable village throughout Britain, their numbers have been greatly diminished. They are obliged to take out licences.

Chapter II.

Different species of Trade—Home Trade—Foreign Trade—Colony Trade—Influence and operation of each—Remarks on Dr. Smith's Theory, as to the comparative advantageousness of Commercial undertakings.

In a highly civilized country like Great Britain, the trade in every commodity in considerable demand, as corn, sugar, tea, timber, &c. affords employment for a separate class of traders. But for all purposes of general inquiry, it is sufficient to consider commerce under three heads, viz. (1.) the Home Trade, or that carried on between individuals of the same country; (2.) Foreign Trade, or that carried on between individuals of different countries; and (3.) the Colony Trade, or that carried on between the inhabitants of any particular country and its colonists. We subjoin a few remarks upon each of these heads.

I. *Home Trade.*—It has been already seen that the varying capacities and dispositions of different individuals occasion the introduction of a division of employments, and the practice of exchange or barter. But the external circumstances under which different individuals are placed, vary still more than their natural powers or tastes. One set inhabit a rich fertile plain, suitable for the growth of corn and other culmiferous crops; another set inhabit a mountainous district, the soil of which is comparatively sterile, but which is well fitted for rearing cattle; another set are planted upon the margin of a river, or arm of the sea, abounding in every facility for carrying on the business of fishing; and so on. Now it is obvious, that though the individuals belonging to any particular district had not established a division of labour amongst themselves, it would be highly for their advantage to establish one with those occupying other districts, the productions of which are materially different. When the inhabitants of Newcastle apply themselves principally to the coal trade, those of Essex to the raising of wheat, and those of the highlands of Scotland to the raising of cattle and wool,—each set avail themselves, in carrying on their employments, of the peculiar powers of production conferred by Providence on the districts they occupy; and by exchanging such portions of their produce as exceed their own consumption, for the surplus articles raised by others, their wealth, and that of every one else, is immeasurably increased. It is in this *territorial division of labour*, as it has been happily designated by Colonel Torrens, that the main advantage of commerce consists. In commercial countries, each individual may not only enter, at pleasure, on such pursuits as he deems most advantageous; but the entire population of districts and provinces are enabled to turn their energies into those channels in which they are sure to receive the greatest assistance from natural powers. Suppose England were divided into separate parishes, or even counties, surrounded respectively by Bishop Berkeley's wall of brass, and having no intercourse with each other, in what a miserable situation should we be! Instead of 1,500,000, London could not, under such circumstances, contain 15,000 inhabitants; and these would be exposed to numberless privations, of which we have not the slightest idea. Unless the territorial division of

labour were carried to some extent, the division of employments amongst individuals occupying the same district could be but very imperfectly established, and would be of comparatively little use. It is only when every one is able both to gratify his taste, and to avail himself of the varying capacities of production given to different districts, that the benefits of commerce can be fully appreciated; and that it becomes the most copious source of wealth, as well as the most powerful engine of civilization.

'With the benefits of commerce,' says an eloquent writer, 'or a ready exchange of commodities, every individual is enabled to avail himself to the utmost of the peculiar advantage of his place; to work on the peculiar materials with which nature has furnished him; to humour his genius or disposition, and betake himself to the task in which he is peculiarly qualified to succeed. The inhabitant of the mountain may betake himself to the culture of his woods, and the manufacture of his timber; the owner of pasture lands may betake himself to the care of his herds; the owner of the clay-pit to the manufacture of his pottery; and the husbandman to the culture of his fields, or the rearing of his cattle; and any one commodity, however it may form but a small part in the whole accommodations of human life, may, under the facilities of commerce, find a market in which it may be exchanged for what will procure any other part, or the whole: so that the owner of the clay-pit, or the industrious potter, without producing any one article immediately fit to supply his own necessities, may obtain the possession of all that he wants. And commerce, in which it appears that commodities are merely exchanged, and nothing produced, is nevertheless, in its effects, very productive; because it ministers an encouragement and facility to every artist, in multiplying the productions of his own art; thus adding greatly to the mass of wealth in the world, in being the occasion that much is produced.' (*Ferguson's Principles of Moral and Political Science*, vol. ii. p. 424.)

II. *Foreign Trade.*—The trade carried on between individuals of different countries is founded on precisely the same circumstances—the differences of soil, climate, and productions—on which is founded the trade between different districts of the same country. One country, like one district, is peculiarly fitted for the growth of corn; another for the cultivation of the grape; a third abounds in minerals; a fourth has inexhaustible forests; and so forth.

'Hic segetes, illic veniunt felicius uvæ:
'Arborei fetus alibi, atque injussa virescunt
'Gramina. Nonne vides, croceos ut Tmolus odores,
'India mittit ebur, molles sua thura Sabæi?
'At Chalibes nudi ferrum, virosaque Pontus
'Castorea, Eliadum palmas, Epeiros equarum?
'Continuo has leges, æternaque fœdera certis
'Imposuit natura locis.'—Georg. lib. i. lin. 54.

Providence, by thus distributing the various articles suitable for the accommodation and comfort of man in different countries, has evidently provided for their mutual intercourse. In this respect, indeed, foreign trade is of far more importance than the home trade. There is infinitely less difference between the products of the various districts of the most extensive country, than there is between the products of different and distant countries; and the establishment of a territorial division of labour amongst the latter must, therefore, be proportionally advantageous.

'As the same country is rendered richer by the trade of one province with another; as its labour becomes thus infinitely more divided, and more productive than it could otherwise have been; and as the mutual interchange of all those commodities which one province has and another wants, multiplies the comforts and accommodation of the whole, and the country becomes thus, in a wonderful degree, more opulent and more happy; so the same beautiful train of consequences is observable in the world at large, that vast empire, of which the different kingdoms may be regarded as the provinces. In this magnificent empire, one province is favourable to the production of one species of produce, and another province to another. By their mutual intercourse mankind are enabled to distribute their labour as best fits the genius of each particular country and people. The industry of the whole is thus rendered incomparably more productive; and every species of necessary, useful, and agreeable accommodation is obtained in much greater abundance, and with infinitely less expense.' *Mills' Commerce Defended*, p. 38.)

But to enable the advantages of foreign commerce to be rightly appreciated, it will be proper to consider it under the following heads, viz.—1st, Its influence in supplying us with useful and durable articles, of which we should

otherwise be wholly destitute: 2nd, Its influence in multiplying and cheapening the peculiar productions of our own country: 3rd, Its influence in making us acquainted with foreign discoveries and inventions, and in exciting invention by means of competition and example: and 4th, Its indirect influence upon industry, by increasing the sources of enjoyment.

I. With respect to the first of these influences, or the effect of commerce in furnishing every people with commodities not otherwise attainable, it is too obvious and striking to require any lengthened illustrations. Great Britain is as abundantly supplied with native products as most countries, and yet any one who reflects for a moment on the nature and variety of the articles we import from abroad, must be satisfied that we are indebted to trade for a very large part of our superior accommodations. Tea, sugar, coffee, wine, and spices; silk and cotton, the materials of our most extensive manufactures; gold and silver; and an endless variety of other highly important articles;—are sent to us by foreigners. And were the importation put an end to, what a prodigious deduction would be made, not from our comforts and enjoyments merely, but also from our means of supporting and employing labourers! If foreign commerce did nothing more than supply us with so many new products, it would be very difficult to overrate its value and importance.

II. But such is the beneficent influence of commerce, that while it supplies an endless variety of new productions, it multiplies and cheapens those that are peculiar to every country. It does this, by enabling each separate people to employ themselves, in preference, in those departments in which they enjoy some natural or acquired advantage, and by opening the markets of the world to their productions. When the demand for a commodity is confined to a particular country, as soon as it is supplied improvement is at a stand. The subdivision and combination of employments is, in fact, always dependant upon and regulated by the extent of the market. Dr. Smith has shewn, that by making a proper distribution of labour among ten workmen, in a pin manufactory, 48,000 pins might be produced in a day; and since his time the number has been nearly doubled. But had the demand not been sufficient to take off this quantity of pins, the divisions and improvements in question could not have been made; and the price of pins would, in consequence, have been comparatively high. This principle holds universally. The most important manufacture carried on in Great Britain,—that of cotton,—is entirely the result of commerce. Supposing, however, that cotton wool had been a native production, we could never have made such astonishing advances in the manufacture had we been denied access to foreign markets. Notwithstanding the splendid discoveries in the machinery, and the perfection to which every department of the trade has been brought, the vast extent of the market has prevented its being glutted; and has stimulated our manufacturers and artisans to persevere, with unabated ardour, in the career of improvement. Our cotton mills have been constructed, not that they might supply the limited demand of Great Britain, but that they might supply the demand of the whole world. And in consequence of the extraordinary subdivision of labour, and the scope given to the employment and improvement of machinery, by the unlimited extent of the market, the price of cottons has been reduced to less, probably, than a fourth part of what it would have been had they met with no outlet in foreign countries. The hardware, woollen, leather, and other manufactures, exhibit similar results. The access their products have had to other markets has led to important improvements in their production; so that, as was previously stated, commerce not only supplies us with a vast variety of new and desirable articles, but it also cheapens the staple productions of the country, and renders them more easily attainable by the great mass of the people.

III. The influence of commerce in making the people of each country acquainted with foreign inventions and discoveries, and in stimulating ingenuity by bringing them into competition with strangers, is obvious and powerful.—Commerce distributes the gifts of science and art, as well as those of nature. It is the great engine by which the blessings of civilization are diffused throughout the world. It establishes a friendly intercourse among the people of all countries, and makes every one acquainted with the processes carried on, and the inventions made, in every corner of the

globe. Were any considerable improvement made in any important art, either in China or Peru, it would very speedily be understood and practised in England. It is no longer possible to monopolize an invention. The intimate communication that now obtains amongst nations renders any important discovery, wherever it may be made, a common benefit. The ingenious machine invented by Mr. Whitney, of the United States, for separating cotton wool from the pod, has been quite as advantageous to us as to the Americans; and the inventions of Watt and Arkwright have added to the comfort of the inhabitants of Siberia and Brazil, as well as of England. The genuine commercial spirit is destructive of all sorts of monopolies. It enables every separate country to profit by the peculiar natural powers and acquired skill of all the others; while, on the other hand, it communicates to them whatever advantages it may enjoy. Every nation is thus intimately associated with its neighbours. Their products, their arts, and their sciences, are reciprocally communicated; and the emulation that is thus excited and kept up, forces routine to give place to invention, and inspires every people with zeal to undertake, and perseverance to overcome, the most formidable tasks. It is not possible to form any accurate notions as to what would have been our state at this moment, had we been confined within our own little world, and deprived of all intercourse with foreigners. We know, however, that the most important arts, such as printing, glass-making, paper-making, &c., have been imported from abroad. No doubt we *might* have invented some of these ourselves; but there is not a shadow of a ground for supposing that we should have invented them all; and without foreign example and competition, we could hardly have carried any of them beyond the merest rudiments.

IV. The influence of commerce upon industry, by its increasing the number of desirable articles, though not quite so obvious perhaps as the influences already specified, is not less powerful and salutary. Industry is in no respect different from the other virtues, and it were vain to expect that it should be strongly manifested where it does not bring along with it a corresponding reward. In the early stages of society, before artificial wants have been introduced, and when men are satisfied if they can avert the attacks of hunger, and procure an inadequate defence against the cold, industry is confined within the narrowest limits. And provided the mildness of the climate renders clothing and lodging of little importance, and the earth spontaneously pours forth an abundant supply of fruits, the inhabitants are immersed in sloth, and seem to place their highest enjoyment in being free from occupation. Sir William Temple, Mr. Hume, and some other sagacious inquirers into the progress of society, have been struck with this circumstance; and have justly remarked, that those nations that have laboured under the greatest national disadvantages have made the most rapid advances in industry.

But in civilized and commercial societies, new products and new modes of enjoyment, brought from abroad, or invented at home, stimulate the inhabitants to continued exertions. Their acquired tastes and the wants which civilization introduces, and custom and example render universal, become infinitely more numerous, and as urgent as the tastes or wants of those that are less advanced. The passion for luxuries, conveniencies, and enjoyments, when once excited, becomes quite illimitable. The gratification of one desire leads immediately to the formation of another. 'The natural flights of the human mind are not from pleasure to pleasure, but from hope to hope.' The happiness of a civilized nation is not placed in indolence or enjoyment, but in continued exertion; in devising new contrivances to overcome new difficulties, in extending still further the boundaries of science, and increasing their command over luxuries and enjoyments. The remark of the Abbé Mably is as true as it is forcibly expressed:—'*N'est on que riche? On veut être grand. N'est on que grand? On veut être riche. Est-on et riche et grand? On veut être plus riche et plus grand encore.*'—(Œuvres, t. iv., p. 76.)

Without commerce this progress would never be realized. The commodities possessed by particular nations are but few, and may be attained with comparatively little labour. Generally speaking, a man may easily supply himself with corn, cloth, and beer; and if the utmost exertions of ingenuity, and the most laborious efforts of industry could only furnish additional quantities of those articles, they would very soon cease to be made. Men do not practise industry and

economy for their own sakes, but for the advantages that result from them; and the more consequently that these advantages are multiplied, that is, the greater the variety of wants they are made to supply, and of gratifications they are made to command, the greater will be the energy displayed in their prosecution. '*Le travail de la faim*,' as Raynal has well observed, '*est toujours borné comme elle; mais le travail de l'ambition croît avec ce vice (vertu ?) même.*'

And hence the true way to render a people industrious is to endeavour to inspire them with a taste for the luxuries and enjoyments of civilized life;-and this will be always most easily done, by giving every facility to the cultivation of foreign commerce. The number of new articles, or, in other words, of new motives to stimulate, and new products with which to reward the patient hand of industry, is then prodigiously augmented. The home producers exert themselves to increase their supplies of disposable articles, that they may exchange them for those of other countries and climates. And the merchant, finding a ready demand for such articles, is stimulated to import a greater variety, to find out cheaper markets, and thus constantly to apply new incentives to the vanity and ambition, and consequently to the industry, of his customers. Every power of the mind and body is thus called into action; and the passion for foreign commodities—a passion which some shallow moralists have ignorantly censured—becomes one of the most efficient causes of industry, wealth and civilization.

But there are other considerations connected with this view of the subject that must not be passed over without observation. The establishment of a right of property in land is one of the foundations on which the structure of society mainly rests. Where this right is not established, there can be neither riches nor civilization; for no one would undertake to clear and cultivate the ground, unless he were well assured that he should be allowed peaceably to enjoy the fruits of his industry. The institution of the right of private property in land is not, however, enough to make its cultivation be carried to the highest point of which it is susceptible. Before this can be done, the cultivators must cease to be satisfied with simple fare. The soil is, in the great majority of cases, capable of furnishing supplies of food for a great many more individuals than can be profitably employed in its culture; but when the wants of the inhabitants are few, and easily supplied, its productive energies are not developed. Its occupiers are satisfied, if the crops they raise are sufficient to supply their own wants; and it would, indeed, be a contradiction to suppose that they should trouble themselves about raising corn of which they could make no use. During the middle ages, when commerce was comparatively little cultivated, the great landed proprietors kept immense bodies of retainers, and the necessity of providing supplies for their support occasioned an extension of cultivation that would not otherwise have taken place. But the introduction of commerce in more modern times, and the consequent growth of arts and manufactures, has led to a totally different state of things. The barbarous and unwieldy pomp of the middle ages has been supplanted by elegance and refinement. Instead of wasting their fortunes on crowds of idle and disorderly vassals, the great lords expend them upon the products of industry; and such is the vast variety of these products in every commercial country, that the richest individuals can never be without a motive to augment their fortunes, seeing the endless gratifications they may be applied to procure. The effects of this change have been alike salutary and extraordinary. Those who, of old, would have been the servile dependants of some feudal chief, are now industrious, and perhaps opulent manufacturers and merchants; and though they have no share in the ground, nor any thing to do with its cultivation, they are regularly and liberally supplied with its produce. The population has been quadrupled, or more, and yet every one lives in far greater plenty and comfort. The occupiers of the soil, who, during the age of the Edwards and the Henrys, were satisfied if they could pay a trifling rent, and procure a rude and meagre subsistence for themselves, have had the standard of enjoyment elevated. They have acquired a taste for those comforts and gratifications that were formerly enjoyed by their masters only, and to acquire them they exert all their energies, and extort from the ground the utmost it can be made to produce, increasing a hundred-fold the supplies of food.

The admirers of simplicity, or rather of rusticity, may perhaps urge, that the happiness of mankind is not increased by this never-ceasing pursuit of new in-

ventions and additional wealth; that habit reconciles individuals to the state in which they are accustomed to live; and that the Irishman or the Greenlander, when abundantly supplied with potatoes or fish, is as cheerful and happy as the lordly inhabitant of the Palais Royal, or of Belgrave-square. We may observe, however, that none but rich and refined countries can ever be secure against the devastations of famine, which frequently sweep off almost the entire population of semi-barbarous nations; and it is in such countries only that those speculative and elegant studies which expand and liberalize the mind can be prosecuted. But whether the actual attainment of wealth or of distinction of any sort be favourable or unfavourable to happiness, its *pursuit* is eminently congenial to the nature of man. The wish to improve our condition comes with us into the world, and only quits us when we cease to exist. The career of enterprise and ambition is uniformly entered upon with the greatest keenness where there is most prosperity and freedom, and is abandoned only in those unfortunate countries where distress and tyranny weigh down all the moral energies. When the end is compassed, when the object of our exertions has been attained, it may perhaps be found not worth the trouble of acquiring, or, though prized at first, the enjoyment may pall upon the sense; but this, instead of discouraging, invariably tempts to new efforts; so that the pursuit of even imaginary conveniences,—of happiness never to be realized,—is productive of an intensity of pleasure and gratification, not attainable in the apathy of a fixed or permanent situation. 'We are ever ready,' says a profound and eloquent writer already quoted, 'to own, that labour is prescribed to man,—that he is destined to earn every blessing by the sweat of his brow, by the labour of his hands, or the exertion of his mind; but we do not always perceive that these labours and exertions are themselves of principal value, and to be reckoned among the foremost blessings to which human nature is competent; that mere industry is a blessing apart from the wealth it procures; and that the exercises of a cultivated mind, though considered as means for the attainment of an external end, are themselves of more value than any such end whatever.'—(*Ferguson's Principles of Moral and Political Science*, vol. i. p. 250.)

It is therefore evident, as well from what has now been stated, as from what was remarked under the previous heads, that those who imagine that the benefit which foreign commerce confers on a country like Great Britain or France, consists in its adding to the number of conveniencies and enjoyments, entirely overlook some of its most important effects. The tastes which grow out of it become the most powerful incentives to industry, and occasion a vast increase of the quantity of corn and cattle. The *species* of means by which commerce produces the effects we have now endeavoured to trace—by which it rouses the indolent to exertion, and gives new vigour to those that are already industrious—is a consideration of inferior importance. The excitement of new wants is the grand object: for, how trifling soever the objects by which they are excited, the spirit of industry and invention diffused throughout society, by the desire to gratify them, is of inestimable value. It is it that carries society forward. Were the desires of man limited, the moment they were supplied, invention would be at an end, the further advance of the race would be for ever arrested, apathy would usurp the place of activity, and life would lose all its charms. 'Withdraw the occupations of men, terminate their desires, existence is a burden, and the iteration of memory is a torment.'

Dr. Paley had a clear perception of the indirect influence of commerce and the arts upon industry. 'It signifies nothing,' says he, 'as to the main purpose of trade, how superfluous the articles which it furnishes are,—whether the want of them be real or imaginary,—whether it be founded in nature or in opinion, in fashion, habit, or emulation; it is enough that they be actually desired and sought after. Flourishing cities are raised and supported by trading in tobacco; populous towns subsist by the manufactory of ribands. A watch may be a very unnecessary appendage to the dress of a peasant, yet, if the peasant will till the ground in order to obtain a watch, the true design of trade is answered; and the watchmaker, while he polishes the case, or files the wheel of his machine, is contributing to the production of corn as effectually, though not so directly, as if he handled the spade, or held the plough. Tobacco is an acknowledged superfluity, and affords a remarkable instance of the caprice of

human appetite; yet, if the fisherman will ply his net, or the mariner fetch rice from foreign countries, in order to procure to himself this indulgence, the market is supplied with two important articles of provision, by the instrumentality of a merchandise which has no other apparent use than the gratification of a vitiated palate.'—(*Moral Philosophy, cap.* 11.)

The boundless extent and variety of the desires excited by the cultivation of commerce and the arts, combined with the tendency of population to increase proportionally to the means of subsistence, are the real causes of the advancement of mankind in civilization. 'Man never is, but always to be blest.' The most astonishing inventions do not lessen the demand for them. The increased facilities of subsistence and of enjoyment which they afford add to the population, which speedily expanding to the limits of subsistence, how widely soever these may be extended, renders the necessity for fresh inventions as urgent as ever. Society is thus continually pressed forward;—the discoveries of one age become the property of those that follow, and in their hands lead to new displays of the inventive faculty. But such is the nature of the human mind, that no amount of fortune can ever fully satisfy its cravings; and such is the strength of the principle of increase in the species, that whatever be the supply of useful and desirable products in any country, and whatever be the state of the arts practised in it, the great bulk of the population must always 'eat their bread in the sweat of their brow;' and are sure to feel, even in the most advanced periods, the full force of all those springs which at a remoter epoch, when commerce began to be established, impelled their forefathers to industry, and prompted them to contrive and accumulate.

Hitherto we have considered foreign commerce in a general point of view only, without inquiring into the various modes in which it is conducted, and through which it produces its effects. Neither, we confess, does this inquiry seem to us of much consequence; provided the results of the different modes in which we carry on our intercourse with other nations be substantially the same, their elucidation can only be of real importance to those engaged in them, and cannot materially interest the public. But Dr. Smith, and many other writers on commercial subjects, do not admit that the different sorts of commerce maintained with the foreigner are equally advantageous. Dr. Smith, to whom only it is of any use to refer, contends, that a direct foreign trade, or the sending of commodities direct to a foreign country, and importing its products in return, is the most advantageous; that 'a round-about trade of consumption,' or that carried on by first buying from one set of foreigners, and selling to another set, some article of produce, is in the next degree advantageous; and that the 'carrying trade,' or the employment of ships and men in carrying the goods of foreigners from place to place, is the least advantageous of any. It is easy, however, to shew, that these distinctions rest on no good foundation. The only reason advanced by Dr. Smith in support of his opinion is, that in a round-about trade of consumption, or in the carrying trade, the capitals employed are longer of being returned. But had he reflected a little, he could hardly have failed to perceive that this is really of no importance: what all merchants, or rather all individuals look to, is the *rate of net profit* that may be made by engaging in different businesses; and they engage in that which they suppose, all things being taken into account, will yield most profit. Supposing that the customary rate of profit is 10 per cent., those engaged in businesses in which the capital is turned over ten times a-year will, at an average, realize a profit of 1 per cent. upon each transaction; while those engaged in businesses in which the returns are more distant, will realize a proportionally larger amount of profit when the returns are made. If, for example, the capital employed by one individual were only returned once a-year, it would, under the circumstances supposed, yield 10 per cent. in a single payment; and were it returned only once in two or three years, it would at once produce 20 or 30 per cent. Inasmuch, however, as it is by the rate of net profit that different businesses yield, that we are always to judge which is most, and which is least advantageous; and as Dr. Smith has himself demonstrated, in another part of his great work, that no branch of industry can continue to be prose-

cuted in which profits are depressed below the common level, he has really demonstrated the fallacy of the statements we have now been considering.

Most treatises on commerce and political economy (that of M. Say among others), contain estimates of the comparative extent and advantageousness of the home and foreign trade. But these estimates are rarely bottomed on any sound principle, and generally lead to the most unfounded conclusions. It is obvious that the amount of the commercial transactions carried on amongst the inhabitants of an extensive country, must very greatly exceed those which they carry on with foreigners. This, however, is not, as has been commonly supposed, sufficient to determine the question, which of them is most, or which is least, advantageous? Commerce is not directly productive, nor is the good resulting from it to be measured by its immediate effects. Besides distributing the various productions of art and industry in the best manner, it enables the divisions of labour to be introduced and perfected. When we send cloth or hardware to Portugal for wine, or to Brazil for sugar, we give what is as valuable as that which we receive; and yet both parties gain largely by the transaction: for we get the wine and the sugar for what it took to produce them in countries that are peculiarly fitted for their growth; and the foreigners are supplied with cloth and hardware for what these productions cost in a country where manufacturing industry has been carried to the highest pitch of improvement. Were this intercourse put an end to, the territorial division of labour resulting from it would simultaneously cease; and while we should be obliged either to make a shift without wine or sugar, or to produce them, or substitutes for them, at home, at a hundred or a thousand times the expense it now takes to fetch them from abroad, the Portuguese and Brazilians would be exposed to similar difficulties in getting cloth or hardware. It is clear, therefore, that in estimating the comparative advantageousness of the home and foreign trades, it will not do to look merely at the number of transactions in each. The real question is, which occasions the greatest subdivision of employments, and gives the most powerful spur to industry? This, however, is a question that does not, perhaps, admit of any very satisfactory solution. Without some species of home trade no division of employments could ever have been made, and man must have continued in ignorance and barbarism. And it is, therefore, true to say, that the home trade is the most indispensable to the rise and early progress of the arts. But those who consider the influence of foreign commerce in making man acquainted with an infinity of useful and desirable products, of which he must otherwise have been ignorant, in diverting the industry of every country into the most profitable channels, in improving every process carried on at home, by opening the markets of the world to its produce, and in exciting the desires, and stimulating the industry and invention of all classes, will not hesitate to admit that it has principally contributed to advance society to the high state of improvement to which it has attained.

Dr. Smith has also contended for the superior productiveness of the home trade on different, though, as it appears to us, not more tenable grounds than those now examined.

'The capital,' says he, 'which sends Scotch manufactures to London, and brings back English corn and manufactures to Edinburgh, necessarily replaces, by every such operation, two British capitals, which had both been employed in the agriculture or manufactures of Great Britain. The capital employed in purchasing foreign goods for home consumption, when this purchase is made with the produce of domestic industry, replaces too, by every such operation, two distinct capitals; but one of them only is employed in supporting domestic industry. The capital which sends British goods to Portugal, and brings back Portuguese goods to Great Britain, replaces, by every such operation, only one British capital; the other is a Portuguese one. Though the returns, therefore, of the foreign trade of consumption should be as quick as those of the home trade, the capital employed in it will give but one half of the encouragement to the industry of productive labour of the country.'—(*Wealth of Nations*, vol. ii. p. 158.)

Now it will be observed, that Dr. Smith does not say that the importation of foreign commodities has any tendency to force capital abroad; and unless it do this, it is plain that the statement in the above paragraph is quite inconsistent

with the fundamental principle he has elsewhere established, that the productive industry of every country must always be proportioned to the amount of its capital. Suppose, for the sake of illustration, that the case put by Dr. Smith actually occurs, that the Scotch manufactures are sent to Portugal: it is obvious, that if the same demand continue in London for Scotch manufactures as before they began to be sent abroad, an additional capital, and an additional number of labourers, will be required to furnish supplies for both the London and Portuguese markets. In this case, therefore, instead of the industry of the country sustaining any diminution from the export of the Scotch manufactures to a foreign country, it would evidently be augmented, and a new field would be opened for the profitable employment of stock. But if at the same time that the Scotch began to export manufactured goods to Portugal, the Londoners also found out a foreign market where they could be supplied at a cheaper rate with the goods they had previously imported from Scotland, all intercourse between Scotland and London would immediately cease, and the home trade would be changed for a foreign trade. It is obvious, however, that this change could not occasion any embarrassment, and that it would not throw a single individual out of employment. On the contrary, a fresh stimulus would be given to the manufactures, both of Scotland and the metropolis, inasmuch as nothing but their being able to dispose of their produce to greater advantage could have induced the merchants to change the home for a foreign market. The fact is, that when a home trade is changed for a foreign trade, an additional capital belonging to the nation with which it is carried on enters into it; but there is no diminution whatever, either of the capital or industry of the nation which has made the change. So far from this, they are plainly diverted into more productive channels, and are employed with greater advantage. (For some further remarks on this subject, see Ricardo's Principles of Political Economy, 3rd edit. p. 419.)

III. The *Colony Trade* forms the third great department into which commerce is usually divided.

Colonies are establishments formed in foreign countries by bodies of men, who voluntarily emigrate from, or are forcibly sent abroad by, the mother country. Various motives have, at different periods, led to the formation of colonies. Sometimes, as in the case of most of the Greek colonies of antiquity, they were formed by citizens driven from their native country by the violence of political factions: sometimes, as in the case of the Roman colonies, they were formed for the purpose of bridling subjugated provinces; the latter, indeed, were a species of camps or military stations, forming, as it were, the advanced posts of that mighty army which had its head-quarters at Rome. And sometimes, again, as in the case of the Phœnician colonies, and of most of those established in modern times, they have been formed for commercial purposes, or in the view of enriching the mother country, by opening new markets from which she might, if she chose, exclude foreigners.

The nature of the connexion that has existed between colonies and their mother countries has been exceedingly various. Most of the Greek colonies, being founded by private adventurers, who received no assistance from the government of the parent state, were really independent; the duties which they owed to their metropolis being such only as are due to kinsmen and friends, and not those due by subjects to their rulers. The Roman colonies, on the other hand, being founded by the state for an important political purpose, always maintained an intimate connexion with and dependance upon Rome. They formed the great bulwarks of the empire; nor was the conquest of any province ever supposed to be completed till colonies had been established in it, and roads had rendered it accessible to the legions. The colonies established for commercial purposes have generally been subjected to such regulations as were deemed most for the advantage of the parent state. Their growth has thus, in many instances, been retarded; and they have been rendered less serviceable to their founders than they would have been had they been treated with greater liberality.

A colony retained in a state of dependance upon the mother country can be regarded in no other light than as one of her provinces. The trade carried on between them is really a branch of the home trade; and the remarks made upon the latter are all applicable to it. The only really interesting inquiry with respect to commercial colonies is that

which has for its object to investigate the nature and influence of the regulations to which their trade is subjected; and upon this we shall enter in a subsequent part of this treatise.

Chapter III.

Means by which Commerce may be facilitated—Money and Banks—Weights and Measures—Roads and Canals.

To enumerate the various means by which commercial operations may be facilitated, would be an endless task. It would, in fact, embrace an examination of everything contributing to render property secure, to simplify the law with respect to contracts, to soften the animosities that exist amongst nations, to render individuals alive to their real interests, &c. But there are certain institutions and contrivances which have a peculiarly commercial character, and without which commerce could not be carried on to any considerable extent. Money and banks, weights and measures, roads and canals, commercial treaties, &c. are of this description; and we shall now subjoin a few remarks with respect to them.

I. *Money and Banks.* Without the use of money, of some sort or other, commercial operations must have been greatly embarrassed. Innumerable difficulties would occur in attempting to carry on trade by barter. A., for example, has a quantity of wheat which he wishes to dispose of for a quantity of cloth belonging to B.; but the latter being already sufficiently supplied with wheat, no exchange can take place between them. In such a case A. would have to learn what commodity B. would be inclined to accept in exchange for his cloth; and having acquired this information he would next have to seek out some third person willing to part with the equivalent demanded by B. in exchange for wheat. It might not, perhaps, be possible for A. to get his purpose effected so early as has here been supposed, or without negociating other subsidiary exchanges. What has been stated is, however, sufficient to evince the extreme difficulty of carrying on commerce in this way.

Money was introduced to obviate these difficulties, which it has done very completely. Every one being desirous to have the means of readily acquiring whatever he wanted, would endeavour to exchange a portion of his own produce for that which he observed was most in demand, and which passed most readily from hand to hand. By degrees this commodity would come to be used as a common medium of exchange, as a standard by which to measure the value of others, and as the equivalent given for them; in a word, it would become money.

An immense variety of commodities have been used as money in different countries and stages of society. But in civilized countries the precious metals have been uniformly used as such, to the exclusion of every other, except what is merely subsidiary to them. They have been indebted for this distinction, not to any law or agreement amongst nations, but to their qualities—their durability, divisibility, sameness, great value in small bulk, &c. Their employment as money dates from a very remote epoch. At first they were in an unfashioned form, in bars, ingots, or dust. They were speedily, however, formed into coins, or impressed with a stamp indicating their weight and fineness. Their use in the ordinary transactions of life was thus greatly facilitated; and they became the most convenient instruments that can be imagined for effecting exchanges, and gave an extraordinary stimulus to commerce.

It is, however, material to observe, that the use of coined money does not change the principle on which exchanges were previously conducted. The coinage saves the trouble of weighing and assaying gold and silver, but it does nothing more. It declares the weight and purity of the metal in a coin; but the *value* of that metal or coin is, in all cases, determined by those principles which determine the value of other things, and would be as little affected by being recoined with a new denomination as the burden of a ship by a change of her name.

Inaccurate notions with respect to the influence of coinage seem to have given rise to the opinion, so long entertained, that coins were merely the *signs* of values! But it is clear that they have no more claim to this designation than bars of iron or copper, sacks of wheat, or any other commodity. They exchange for other things, because they are desirable articles, and are possessed of real intrinsic value. A draft, check, or bill, may not improperly, perhaps, be regarded as the sign of the money to be

given for it; but that money is nothing but a commodity; it is not a sign, it is the thing signified.

The term *standard* is used to designate the purity and weight of coins, that is, the fineness of the metal of which they are made, and the quantity of it contained in them.

A pound troy, or 12 oz. of the metal of which English silver coins are made, contains 11 oz. 2 dwts. pure silver, and 18 dwts. alloy. This pound is coined into 66 shillings, so that each shilling contains 80.727 grains fine silver, and 87.27 grains standard silver; and the *money pound*, consisting of 20 shillings, contains 1614.545 grains pure silver, and 1745.454 grains standard silver. From 1600 down to 1816, the pound weight of standard silver bullion was coined into 62 shillings. All the English silver coins have been coined out of silver of 11 oz. 2 dwts. fine, from the Conquest to this moment, except for the short period of sixteen years, from the 34th Henry VIII. to the 2nd Elizabeth.

The fineness of gold is estimated by carat grains equivalent to 2½ dwts. troy; gold of the highest degree of fineness, or pure, being said to be 24 carats fine. The purity of our present gold coins is 11 parts fine gold and 1 part alloy. The sovereign, or twenty-shilling-piece, contains 113.001 grains fine gold, and 123.274 grains standard gold. The pound troy of standard gold is coined into 46 sovereigns and $\frac{8}{11}\frac{8}{0}$ths of a sovereign, or into 46*l.* 14*s.* 6*d.* The mint or standard price of gold is, therefore, said to be 46*l.* 14*s.* 6*d.* per pound troy, or, 3*l.* 17*s.* 10½*d.* an ounce.

The alloy in coins is reckoned of no value: it is allowed in order to save the trouble and expense that would be incurred in refining the metals to their highest degree of purity; and because, when its quantity is small, it renders the coins harder, and less liable to be worn or rubbed. Were the quantity of alloy considerable, it would lessen the splendour and ductility of the metals, and would add too much to the weight of the coins.

Originally, the coins of all countries seem to have had the same denominations as the weights commonly used in them; and contained the exact quantity of the precious metals indicated by their name. Thus, the *talent* was a weight used in the earliest period by the Greeks; the *as* or *pondo* by the Romans; the *livre* by the French; and the *pound* by the English and Scotch; and the coins originally in use in Greece, Italy, France, and England, bore the same names, and weighed precisely a talent, a pondo, a livre, and a pound. The standard has not, however, been preserved inviolate, either in ancient or modern times. The necessities of governments, and the unfounded notion, so generally diffused, that coins derived their value rather from the coinage than from the quantity of metal contained in them, has everywhere led to their degradation. Coins have been less enfeebled in England than in any other country; but even here the quantity of silver in a pound sterling is less than the *third* part of a pound weight, the quantity it contained in 1300. At the union of the crowns, in 1600, the coins current in Scotland contained the *twelfth* part only of the silver they contained in 1296. In France, the livre current in 1789 contained less than *one sixty-sixth* part of the silver implied in its name, and which it had contained previously to 1103. In Spain, and some other countries, the degradation has been carried even further.

When two metals, as gold and silver, are formed into coins, and may be used indifferently, as legal tenders, in all payments, the proportion which the one bears to the other must be fixed by authority. But how accurately soever this proportion may be made to correspond with the real value of the metals, when it is fixed, it will not continue to be accurate for any considerable period. Each of the metals is liable to have its value affected by circumstances which may not affect the other; and whenever any variation of this sort takes place, it becomes the interest of all debtors to use that metal only which is *overvalued*, so that it becomes the only currency. In the French mint silver was for a long period overvalued, as compared with gold; and in England gold was for a long period overvalued, as compared with silver: and hence the reason that silver coins form almost the sole currency of France, and gold coins that of England. In this country a new system was, however, adopted in 1816. Gold coins were then declared to be the only legal tender in all payments of more than 40*s.*: and the weight of the silver coins being, as has been already remarked, at the same time diminished, they became a merely subsidiary currency. This system has been found to answer very well.

Copper coins are only legal tender to the extent of one shilling in any one payment: they are, in respect of silver, what silver coins now are in respect of gold.

(Tables are added to this treatise, giving a succinct view of the variations in the weight, fineness, and sterling value of the English coins at different periods; and of the value of the principal foreign coins now in circulation.)

But notwithstanding the precious metals are in many respects admirably fitted to serve as a medium of exchange, they have two very serious drawbacks—their cost, and the difficulty and expense of carrying them from place to place. If the currency of Great Britain consisted only of gold, it would amount to at least sixty millions of sovereigns; and the expense attending such a currency, allowing only ¼ per cent. for wear and tear and loss of coins, could not be reckoned at less than 3,250,000*l.* a-year. It is obvious, too, that were there nothing but coins in circulation, the conveyance of large sums from place to place, to discharge accounts, would be a very laborious process, and that even small sums could not be conveyed without considerable difficulty; and hence it is that most commercial and highly civilized nations have endeavoured to fabricate a portion of their money of less costly materials, and have resorted to various devices for economizing the use of coin. Of the substitutes for coin hitherto suggested, paper is by far the most important, and is in all respects the least objectionable. Instead of discharging their debts by a payment of the precious metals, individuals, on whose solvency the public may rely, pay them by giving a bill or draft for the sum, payable in coin at sight or at so many days after date; and as this bill or draft passes currently from hand to hand as cash, it performs all the functions of coin, while it saves its expense to the public. A sense of the advantages that might be derived from the circulation of such bills or drafts led to the institution of *banks* for their regular issue. A banker, on being applied to for a loan, does not make the advance in gold or silver, but in his own notes; and while these serve equally well as cash to the borrower, the issuer derives the same rate of interest from them that he would have derived from an advance of cash; his profits consisting of the excess of interest derived from the notes he has issued, over the interest of the cash or unproductive stock he is obliged to keep in his coffers to meet the demands of the public for payment of his notes, and the expenses of his establishment. Besides this sort of banks, there are also banks of deposit, or banks for keeping merchants' money. A merchant using a bank of this sort makes all his considerable payments by drafts upon his bankers, and sends all the bills due to him to them to be presented, and noted if not duly paid. By this means he saves the trouble and expense of keeping a quantity of unemployed money at home, of receiving coins or notes that are not genuine, and of making any mistakes with respect to the presentation of due bills; and in consequence of the saving of money that is thus effected, a much less quantity serves for the demand of the public.

But the great advantage of banks, in a commercial point of view, consists in the facility they afford for making payments at distant places, and for the negociation of bills of exchange. Many of the banking companies, established in different districts, have a direct intercourse with each other; and they have all correspondents in London. Hence, an individual residing in any part of the country, who may wish to make a payment in any other part, however distant, may effect his object by applying to the bank nearest to him. Thus, suppose A, of Penzance, has a payment to make to B, of Inverness. To send the money by post would be hazardous, and if there were fractional parts of a pound in the sum, it would hardly be practicable to make use of the post. How, then, will A manage? He will pay the sum to a banker in Penzance, and his creditor in Inverness will receive it from a banker there. The transaction is very simple: the Penzance banker orders his correspondent in London to pay to the correspondent of the Inverness banker the sum in question on account of B; and the Inverness banker, being advised in course of post of what has been done, pays B. A small commission, charged by the Penzance banker, and the postages, constitute the whole expense. There is no risk whatever; and the affair is transacted in the most commodious and cheapest manner.

Bills of exchange are most commonly used in the settlement of transactions between merchants residing in different countries; but they are also frequently

used among merchants of the same country. They are merely orders addressed by a creditor to a debtor, directing the latter to pay his debt to some specified party in his vicinity. But notwithstanding this simplicity, their introduction has given unusual facilities and security to all sorts of mercantile transactions, and has been productive of much advantage to all classes. We borrow from the British Merchant (iii., p. 97,) the following exposition of the mode in which bills of exchange are employed to adjust debts in different places:—

'Suppose a tenant in Wiltshire has to pay 100*l.* of rent to his landlord in London; and that the woollen-draper in London has to pay the like sum to the clothier in Wiltshire: both these debts may be paid, without transmitting one farthing from the one place to the other, by bills of exchange, or by exchanging one debtor for the other; thus, the tenant may receive his landlord's order to pay 100*l.* to the clothier in the country; and the woollen-draper may receive his clothier's order to pay the like sum to the landlord in town. These two orders are properly called bills of exchange; the debts are exchanged by them; that is, the woollen-draper in town, instead of the tenant in the country, is become debtor to the landlord; and the tenant in the country, instead of the woollen-draper in town, is become debtor to the clothier; and when these orders are complied with, the two debts between London and the country are discharged without sending one shilling in specie from the one to the other.'

The debts due by merchants residing in one country to those of another are, for the most part, discharged in the same manner. The transmission of money from place to place is thus almost wholly avoided; and the largest payments are effected without the least risk and almost without any expense.

II. *Weights and Measures.* The employment of some sort of standards by which to measure and compare the specific gravities and magnitudes of different articles, must, at a very early period, have been seen to be indispensable to the easy and accurate arrangement of commercial transactions. The earliest standards of lineal measure seem to have been, for the most part, derived from portions of the human body: as the cubit, or length of the arm from the elbow to the tip of the middle finger; the foot; the *ulna*, arm, or yard; the span; the digit, or finger; the fathom, or space from the extremity of the one hand to the extremity of the other when they are both extended in opposite directions; the pace, &c.—Larger spaces were estimated by measures formed out of multiples of the smaller ones; and sometimes in days' journeys, or by the space which it was supposed a man might travel in a day, using a reasonable degree of diligence.

But lineal measures can only be used to determine the magnitude of surfaces or of solid bodies. The magnitude of bodies in a liquid or fluid state has to be determined by what are termed measures of capacity. It is probable that, in the infancy of society, shells, or other hollow instruments afforded by nature, were used as standards. But the inaccuracy of the conclusions drawn from referring to them must soon have become obvious; and it was early discovered that, to obtain an accurate measure of liquids, nothing more was necessary than to construct an artificial measure, the dimensions, and consequently the capacity of which should be determined by the lineal measures previously adopted by the society.

The determination of the specific gravity or weight of different bodies supposes the invention of the balance—an instrument of the highest antiquity. It appears probable that cubes of some common lineal measure, as a foot, or the fraction of a foot, formed of copper, lead, iron, or some other metal, were early used as standards of weight. In many countries, however, grains of corn seem to have formed the original standard. Hence in this, as well as in several other nations, the lowest denomination of weight is a grain; and thirty-two of these grains are directed, by the ancient statute *de compositio mensurarum*, to compose a penny-weight, twenty of which make an ounce, twelve ounces a pound, and so upwards.

The extension of commercial transactions must speedily have disclosed the importance of having weights and measures determined by some *fixed* standard. But as the size of the different parts of the human body differ in different individuals, it is necessary to select some durable article, a metallic rod, for example, of the length of an average foot, cubit, &c., and to make it the standard with which all the other feet, cubits, &c., used in mensuration, should

correspond. These standards have been preserved with the greatest care; at Rome they were kept in the temple of Jupiter; and among the Jews, their custody was entrusted to the family of Aaron.

In England, our ancient historians tell us, that a new, or rather a revised standard of lineal measure was introduced by Henry I., who ordered that the ulna, or ancient ell, which corresponds to the modern yard, should be made of the exact length of his own arm, and that the other measures of length should be raised upon it. This standard has been maintained without any sensible variation. In 1742, the Royal Society had a yard made, from a very careful comparison of the standard ells or yards of the reigns of Henry VII. and Elizabeth, kept at the Exchequer. In 1758, an exact copy was made of the Royal Society's yard; and this copy having been examined by a Committee of the House of Commons, and reported by them to be equal to the standard yard, it was marked as such; and this identical yard is declared, by the Act 5 Geo. IV., cap. 74, to be the standard of lineal measure in Great Britain.

The confusion and inconvenience attending the use of weights and measures of the same denomination, but of different magnitudes, was early remarked; and there is hardly a country in which efforts have not been made to reduce them to the same uniform system. Numerous acts of parliament have been passed having this object in view, and enjoining the use of the same weights and measures under very severe penalties. But, owing to the inveteracy of ancient customs and the difficulty of enforcing the new regulations, these statutes have always had a very limited influence, and the greatest diversity has continued to prevail, except in lineal measures. But the statute 5 Geo. IV., cap. 74, seems to have at length effected what former statutes had failed of accomplishing. It is, perhaps, indebted for its success in this respect to the limited nature of the changes which it introduced. It made no alteration in the lineal measures previously in use; neither did it affect the previously existing system of weights. The measures of capacity are the only ones which it has changed. The wine gallon formerly contained 231 cubic inches, and the ale gallon 282; but these have been both superseded by the imperial gallon, which contains $277\frac{1}{4}$ cubic inches.

As the standards adopted in most countries have been in a great degree arbitrary, it has long been the opinion of scientific men that, to construct a more perfect system of weights and measures, some natural and unchangeable basis should be adopted. It has, indeed, been contended by Paucton and Bailly, that the ancient measures had been deduced from a basis of this sort; and that the *stadium* always formed an aliquot part of the earth's circumference, that part differing amongst different nations and authors. But no learning or ingenuity can induce any reasonable person to believe what is so obviously incredible. The ancients had no means of determining the earth's circumference with anything like the accuracy required to render it the great unit of a system of measures; and, what is equally decisive, no ancient author ever makes the slightest allusion to any such standard.

In more modern times, however, the idea of seeking for a unit of measure and weight in some unchangeable natural object has been practically carried into effect. The standards that have been usually proposed for this purpose have been some aliquot part of the quadrant of the meridian, or the length of a pendulum vibrating seconds in some given latitude. The latter has been in so far adopted into the existing system of weights and measures, established by the Act of 1824, that the length of the standard yard, as compared with that of a pendulum vibrating seconds in the latitude of London, is determined to be in the proportion of 36 inches to $39\frac{1393}{10000}$ inches.

The new metrical system, established in France subsequently to the Revolution, is founded on the measurement of the quadrant of the meridian, or of the distance from the pole to the equator. This distance having been determined with the greatest care, the *ten-millionth* part of it was assumed as the *metre*, or unit of length, all the other lineal measures being multiples or submultiples of it in decimal proportion. The metre is equal to 39·3708 English inches; the gramme, or unit of weight, is a cubic centimetre, or the one-hundredth part of a metre of distilled water, of the temperature of melting ice, and weighs 15·434 grains Troy; the *litre*, or unit of the measures of

capacity, is equal to 61·028 cubic inches. In 1812, the scientific precision of this system was so far relaxed, that the weights and measures founded upon the metre are allowed to be divided into halves, quarters, eighths, &c.

(See the Tables annexed to this Treatise, for an account of the values of the principal weights and measures of foreign countries.)

III. *Roads, Canals, &c.*—Next to the introduction of money, and weights and measures, the formation of good roads, bridges, and canals, gives the greatest facility to commerce, and contributes more powerfully, perhaps, than anything else to the progress of improvement. They have been denominated national veins and arteries; and the latter are not more indispensable to the existence of individuals, than improved communications are to a healthy state of the public economy. It were vain to attempt to point out in detail the various advantages derived from the easy means of communication that exist in Great Britain. There is not a single district that is not indebted to others for a large part of its supplies, even of some of the bulkiest commodities. Besides the coal, metals, minerals, timber, corn, &c., conveyed from one part of the empire to another by sea, immense quantities are conveyed from place to place in the interior, by roads and canals; and every improvement effected in the means of conveyance has obviously the same effect upon the cost of commodities that have to be conveyed, as an improvement in the methods by which they are raised or manufactured.

Wherever the means of internal communication are deficient in a country, the inhabitants must unavoidably disperse themselves over its surface. Cities were originally founded by individuals congregating more, perhaps, for the purpose of national defence and protection, than for any other cause. But in countries where good government is established, and property is secure, men resort to cities only from a sense of the advantages they afford. The scale on which business is there conducted presents facilities that cannot be elsewhere afforded for making a fortune; and the extent to which the subdivision of employments is carried opens a field for the exercise of all sorts of talent; at the same time that it improves and perfects all sorts of arts, whether subservient to industrious or scientific pursuits, or to those of pleasure and dissipation. It is this that attracts the aspiring, the industrious, the gay, and the profligate, to cities,—that fills them with the best and the worst part of the species. The competition that takes place in a great town,—the excitement that is constantly kept up, the collision of so many minds brought into immediate contact, and all endeavouring to outstrip each other in their respective departments, developes all the resources of the human mind, and renders a great city a perpetually radiating focus of intelligence and invention. There are, however, considerable clogs upon the continued increase of cities. The food and fuel made use of by the inhabitants, and the raw products on which their industry is to be exerted, must all be brought from the country; and according as the size of the city increases, the distances from which its supplies must be brought become so much the greater, that ultimately the cost of their conveyance may be so great, as to balance or more the peculiar advantages resulting from a residence in town. Hence the impossibility of a large, or even a considerable city existing anywhere without possessing considerable means of communication either with the surrounding country, or with other countries; and hence, too, the explanation of the apparently singular fact, of almost all large cities having been founded on or near the sea, or a navigable river. Had London been an inland town, fifty miles from the shore, it is abundantly certain that she could not have attained to one-third her present size; but the facilities afforded by her admirable situation on the Thames, for the importation of all sorts of produce from abroad, as well as from other parts of England, will enable her, should her commerce continue to prosper, to add to her colossal magnitude for centuries to come.

But all towns cannot be founded on the sea-coast or the banks of navigable rivers; and the growth of those in inland situations must, in all cases, depend on their means of communication with the surrounding country. Without our improved roads and canals, the great inland manufacturing towns with which England is studded, such as Manchester, Leeds, Birmingham, Sheffield, Bolton, Preston, &c., could not exist. They enable the inhabitants to obtain the rude products of the soil and the mines, almost as cheap as if they lived in country villages. There is thus nothing, or next

to nothing, to detract from the advantages which the inventive and enterprising artisan may expect to realize from resorting to these great hives of industry. And, owing to the gigantic scale on which all sorts of industry are conducted in them, the scope afforded for the employment of the most powerful machines, and the appropriation of particular sets of workmen to every separate process, however minute, manufacturing industry is carried to a degree of perfection that almost exceeds belief.

The influence that the growth of a large town has upon agriculture is great and striking. 'In the neighbourhood,' says Dr. Paley, 'of trading towns, and in those districts which carry on a communication with the markets of trading towns, the husbandmen are busy and skilful, the peasantry laborious; the land is managed to the best advantage, and double the quantity of corn or herbage (articles which are ultimately converted into human provision) raised from it, of what the same soil yields in remoter and more neglected parts of the country. Wherever a thriving manufactory finds means to establish itself, a new vegetation springs up around it. I believe it is true, that agriculture never arrives at any considerable, much less at its highest, degree of perfection, when it is not connected with trade; that is, when the demand for the produce is not increased by the consumption of trading cities.'—(*Moral Philosophy*, book vi. cap. 11.)

But the fact of their being mainly conducive to the growth of cities, is not the only advantage which improved roads and canals confer upon agriculture. Without their aid it would be impossible to carry to distant places sufficient supplies of such bulky and heavy articles as lime, marl, shells, and other manures, necessary to give luxuriance to the crops of rich soils, and to render those that are poor productive. Not only, too, would inferior roads lessen the market for farm produce, and consequently the quantity raised, but a larger proportional number of horses or other cattle would be required to convey the diminished produce to market. It is plain, therefore, that good roads are both directly and indirectly a prime source of agricultural improvement;—directly, by increasing the quantity, and reducing the cost of manure; and by increasing the quantity and reducing the cost of conveying farm produce to market; and, indirectly, by providing for the growth and indefinite extension of cities and towns, that is, of the markets for agricultural produce.

Increased speed of conveyance is one of the principal advantages that have resulted from the formation of good roads, the invention of steam-packets, &c. Suppose that it takes two days to travel by an uneven ill-made road between any two places; and that by improving the road, the journey may be accomplished in one day; the effect is the same as if the distance were reduced a half; and there is not only a great saving of time to travellers, but also a great saving from the more speedy conveyance of commodities. This latter is a point of much more importance than is commonly supposed. It is not possible to form any correct estimate of the value of the products that are constantly in the act of being carried from place to place in Great Britain and Ireland. It is certain, however, that it is very great; and every additional facility of conveyance, by bringing such products more rapidly to their destination, and enabling them to be sooner applied to the purposes for which they are intended, renders large quantities of capital available for industrious purposes, that would otherwise be locked up.

Roads of one sort or other must, of course, exist in every country emerged from barbarism,—but in England, the statute of the 28th of Philip and Mary, which is still in force, is the first legislative enactment in which a regular provision was made for the repair of the roads. The preamble to this statute declares, that the roads were tedious and noisome to travel on, and dangerous to passengers and carriages; and, therefore, it enacts, that in every parish two surveyors of the highways shall be annually chosen, and the inhabitants of all parishes obliged, according to their respective ability, to provide labourers, carriages, tools, &c., for *four* days each year, to work upon the roads, under the direction of the surveyors. This system, though in many respects exceedingly defective, was at the time justly considered a great improvement, and answered pretty well till the reign of Charles II., when, owing to the increase of carriages, particularly about London, it became necessary to adopt more efficient measures for the formation and repair of roads; and the plan of imposing tolls upon those who made use of the roads began then to be adopted. But this system was not carried into

full effect, and placed upon a solid footing, till about 1767, when it was extended to the great roads to all parts of the country; the contributions of labour under the Act of Philip and Mary being then appropriated entirely to the cross or country roads. A money payment is also very frequently made instead of a contribution in labour.

When the plan for extending turnpike roads from the metropolis to distant parts of the country was in agitation, the counties in the neighbourhood of London petitioned Parliament against it, alleging, that the remoter counties would be able, from the comparative cheapness of labour in them, to sell their produce in London at a lower rate than they could do; and that their rents would be reduced, and cultivation ruined by the measure! Luckily this interested opposition proved ineffectual, and instead of being injurious to the counties adjoining the metropolis, the improvement of the roads has been quite as beneficial to them as to those at a distance, inasmuch as, by providing for the indefinite extension of the city, it has rendered it a far better market for their peculiar productions than it would have been, had its growth been checked, which must have been the case long ago, had the improvements in question not been made.

The plan of making and repairing roads by contributions of labour is not peculiar to England, but was at one period general all over Europe. By an Act of the Scotch Parliament, passed in 1669, all persons engaged in husbandry were obliged to labour six days each year, before or after harvest, upon the public roads; the farmers and landlords being, at the same time, obliged to furnish horses, carts, &c., according to the extent of land occupied by them. The inconveniencies of such a system are many and obvious. Those who get no pay for their work, and who perform it against their will, waste their time and industry; and there is besides a great loss incurred by the interruption of the regular pursuits of the labourer. A sense of these disadvantages led, in the early part of the reign of George III., to a commutation of the labour contribution for a money-tax on land, rated according to its valuation in the cess-books. This measure has been productive of the best effects. Previously to its taking place, the roads, even in the best cultivated districts of Scotland, were in the worst possible state; now, however, they are about the very best in Europe.

A similar system has been followed on the Continent. When Turgot entered on his administration, he sent a circular letter to the road-surveyors and engineers of the different provinces of France, desiring them to transmit estimates, framed on the most liberal scale, of the sums of money for which the usual repairs might be made on the old roads, and the ordinary extent of new ones constructed. The average of the estimates shewed that a money contribution of about 10,000,000 livres a-year would suffice for these objects: whereas Turgot shewed, that the execution of these repairs and constructions, by contributions of forced labour, or *corvées*, cost not less than 40,000,000 livres! —(*Art. Taxation, Supp. to Ency. Brit.*)

There is still, however, a great deal of labour performed on the cross and country roads of England, under the system established by the Act of Philip and Mary. Its continuance is most probably to be ascribed to the want of any ready means for its commutation.

It is the duty of Government to furnish assistance towards the formation of roads and bridges in parts of the country where they are necessary, and where the funds required for their formation cannot otherwise be obtained. But it is in such cases extremely desirable, in order to prevent Government from being deceived by interested representations, that those more immediately concerned in the undertaking should be bound to contribute a considerable portion of its expense. This has been done in the case of the Highland roads. Down to a very recent period, large tracts in the Highlands were quite inaccessible, and were, consequently, in a great measure shut out from all improvement; while the rugged nature of the country and the poverty of the inhabitants rendered any attempt to construct improved roads an undertaking beyond their means. Under these circumstances, Government came forward, and engaged to advance half the expense of making roads and bridges in certain districts, on condition that the landlords and others interested, should advance the other half, and that the work should be executed under the direction of Parliamentary Commissioners and engineers. This arrangement has been highly beneficial. Through its means about 600 miles of excellent roads have been constructed; and in conse-

quence of the easy means of communication they afford, a spirit of improvement has been excited even in the wildest and least frequented districts.

Dr. Smith seems to have inclined to the opinion, that the roads of a country would be better attended to, and more economically managed, were they placed under the control of government, than when they are left to be planned and superintended by private individuals. But this opinion does not seem to rest on any good foundation. It is, perhaps, true that a few of the great roads between the principal towns of a county might be better laid out by government surveyors, than by surveyors appointed by the gentlemen of the different counties through which they pass. But these great roads bear but a very small proportion to the total extent of cross and other roads with which every county either is, or ought to be, intersected; and, besides, it is abundantly certain, that when the formation of the great roads is left, as in Great Britain, to the care of those, who, either by themselves or their tenants, have to defray the greater part of the expense of their construction and repair, they will be managed, if not with greater skill, at least with far more economy than if they were entrusted to the agents of government. M. Dupin has set this matter in the clearest point of view, in the remarks he has made on the administration of the roads in France and England. In the former they are entirely under the control of government, and the consequence is, that while there is a useless expenditure upon a few great roads, the cross-roads are almost entirely neglected, and the facilities of internal intercourse are incomparably inferior to ours.

It appears from a paper printed by order of the House of Commons, in 1818, that the length of the different paved streets and turnpike-roads in England and Wales, at that period, amounted to about 20,000 miles, and the length of the other highways to about 95,000 miles. The value of the labour performed in kind upon the roads is estimated, in the same paper, at 515,000*l.* a-year; the commutation money, paid for contributions of labour, is estimated at 271,000*l.*; and the average produce of the tolls is estimated at 570,000*l.*; making the total yearly expenditure upon all the roads of England and Wales, in 1818, to be, 1,356,000*l.* At this moment it may be estimated at 1,600,000*l.*

In fixing the rate of tolls, great care should be taken to keep them as low as possible. When they are either too much multiplied or too high, they have a very pernicious influence. They then operate as a most oppressive and unequal tax on commerce; and obstruct that very intercourse they are intended to furnish the means of promoting. The same remark is applicable to all sorts of dock and harbour dues, light-house dues, &c. When confined within due bounds they cannot justly be objected to; for nothing can be fairer than that those who benefit by such increased facilities and security in the prosecution of their businesses should pay for them. But whenever they exceed the proper limits, they tempt the navigator to resort to ports where the charges are lower, and to direct his course through more insecure but less costly channels.

It is not easy for those accustomed to travel along the smooth and level roads by which every part of this country is now intersected, to form any accurate idea of the difficulties the traveller had to encounter a century ago. Roads were then hardly formed; and, in summer, not unfrequently consisted of the bottoms of rivulets. Down to the middle of last century, most of the goods conveyed from place to place in Scotland, at least where the distances were not very great, were carried, not by carts or waggons, but on horseback. Oatmeal, coals, turf, and even straw and hay, were conveyed in this way! At this period, and for long previous, there was a set of single-horse traffickers (cadgers) that regularly plied between different places, supplying the inhabitants with such articles as were then most in demand, as salt, fish, poultry, eggs, earthenware, &c.: these were usually conveyed in sacks or baskets, suspended one on each side the horse. But in carrying goods between distant places, it was necessary to employ a cart, as all that a horse could carry on his back was not sufficient to defray the cost of a long journey. The time that the *carriers* (for such was the name given to those that used carts) usually required to perform their journeys, seems now almost incredible. The common carrier from Selkirk to Edinburgh, *thirty-eight* miles distant, required a *fortnight* for his journey between the two places, going and returning! The road originally was among the most perilous in the whole country; a considerable ex-

tent of it lay in the bottom of that district called Gala-water, from the name of the principal stream, the channel of the water being, when not flooded, the track chosen as the most level, and easiest to travel in.

Even between the largest cities the means of travelling were but little superior. In 1678, an agreement was made to run a coach between Edinburgh and Glasgow, a distance of forty-four miles, which was to be drawn by *six* horses, and to perform the journey from Glasgow to Edinburgh and back again in *six* days. Even so late as the middle of last century, it took a day and a half for the stage-coach to travel from Edinburgh to Glasgow, a journey which is now accomplished in four and a half or five hours.

So late as 1763 there was but one stage-coach from Edinburgh to London, and it set out only once a month, taking from twelve to fourteen days to perform the journey! At present, notwithstanding the immense intercourse between the two cities by means of steam-packets, smacks, &c., six or seven coaches set out each day from the one for the other, performing the journey in from forty-five to forty-eight hours.—(*Robertson's Rural Recollections*, pp. 39—44.)

The effects of this extraordinary improvement in the means of travelling have been as striking on the manners as on the industry of all classes. The remark of Dr. Smith that 'man is the least transportable species of luggage,' is no longer true as applied to Great Britain. During spring the metropolis is crowded with visiters of all ranks and orders from the remotest provinces; and during summer and autumn vast numbers of the citizens are spread over the country. Hence it is, that manners as well as prices are reduced nearly to the same standard. A respectable family at Penzance or Inverness live very much in the same way as a respectable family in London. Peculiarities of all sorts have disappeared; everything is, as it were, brought to a level; the fashions and opinions of the metropolis are immediately diffused over every part of the country; while those that originate in the latter powerfully influence the former.

The safe and speedy conveyance of letters by post is one of the greatest services rendered to commerce, by the formation of good roads. An institution for the forwarding of letters and despatches, as well as of travellers, existed in Rome, under the name of *cursus publici;* but the post-office appears to have been instituted, for the first time in modern Europe, by Louis XI., in 1477. In this country the post-office was not established till the seventeenth century. Postmasters, indeed, existed in more ancient times: but their business was confined to the furnishing of post-horses to persons desirous to travel expeditiously, and to the despatching of extraordinary packets on special occasions. At length, after various abortive attempts for the same purpose, a post-office, or establishment for the *weekly* conveyance of letters to all parts of the kingdom, was instituted in 1649, by Mr. Edmund Prideaux, attorney-general to the Commonwealth.

From the establishment of the post-office down to 1784, mails were conveyed either on horseback, or in carts made for the purpose; and instead of being the most expeditious and safest conveyance, the post had become, at the latter period, one of the slowest and most easily robbed of any in the kingdom. In 1784 it was usual for the diligences between London and Bath to accomplish the journey in *seventeen* hours, while the post took *forty* hours; and on other roads the rate of travelling was in about the same proportion. The consequence was, that a very great number of letters was sent by other conveyances than the mail, the law to the contrary being easily evaded by giving them the form of small parcels.

Under these circumstances, it occurred to Mr. John Palmer, of Bath, comptroller-general of the post-office, that a very great improvement might be made in the conveyance of letters, in respect of economy, as well as of speed and safety, by contracting with the proprietors of the coaches for the carriage of the mail, the latter being bound to perform the journey in a specified time, and to take a guard with the mail for its protection. Mr. Palmer's plan encountered much opposition, but was at length carried into effect. The consequences have proved most beneficial. The use of mail-coaches has extended to every part of the empire; and while the mail is conveyed in less than half the time that was required under the old system, the coaches by which it is conveyed afford, by their regularity and speed, a

most desirable mode of travelling. Mr. Palmer was the author of several other improvements in the economy of the post-office, and there is no other individual to whom this department owes so much.

It does not really seem, though the contrary has been sometimes contended, that the post-office could be so well conducted by any one else as by government. The latter alone can enforce perfect regularity in all its subordinate departments; can carry it to the smallest villages, and even beyond the frontier; and can combine all its separate parts into one uniform system, on which the public may rely, both for safety and despatch.

The same remark is applicable to the postage of letters that we have made with respect to tolls. It is quite reasonable and fair that those who use the post, or send letters by it, should pay the expense of their conveyance; and experience has shewn, that besides defraying this expense, the post-office may be made to yield a considerable revenue. But no additions ought ever to be made to the postage of letters without mature consideration. Nothing contributes more to facilitate commerce than the safe, speedy, and cheap conveyance of letters; and whatever has a tendency materially to lessen these advantages is hostile in the extreme to its interests.

The comparative cheapness with which goods may be conveyed by the sea or by means of navigable rivers, seems to have suggested, at a very early period, the formation of canals to the ancient Egyptians and other nations. In Great Britain, however, owing to the late rise of commerce and industry, and the insular situation of the country, no part of which is very distant from a navigable river, no attempt was made to construct canals till a comparatively recent period. Our first efforts for the improvement of internal navigation were directed to the deepening of rivers and removing the obstructions to their navigation. In 1635, a project was set on foot for rendering the Avon navigable from the Severn near Tewksbury, through the counties of Warwick, Worcester, and Gloucester. The civil war having broken out soon after, the project was abandoned, and does not seem to have been again revived. But after the Restoration, and during the earlier part of last century, Acts were at different times obtained for deepening and improving river navigation. For the most part, however, these attempts were not very successful. The current of the rivers gradually changed the form of their channels; the dykes and other artificial constructions were apt to be destroyed by inundations; alluvial sand-banks were formed below the weirs; in summer the channels were frequently too dry to admit of being navigated, while, at other periods, the current was so strong as to render it quite impossible to ascend the river, which at all times, indeed, was a laborious and expensive undertaking. These difficulties in the way of river navigation seem to have suggested the expediency of abandoning the channels of most rivers, and of digging parallel to them artificial channels, in which the water might be kept at the proper level by means of locks. The Act, passed in 1755, for improving the navigation of Sankey-brook, on the Mersey, gave rise to a lateral canal of this description, about eleven miles and a quarter in length, which deserves to be mentioned as the earliest effort of the sort in England.

But, before this canal had been completed, the celebrated Duke of Bridgewater, and his still more celebrated engineer, the self-instructed James Brindley, had conceived a plan of canalization independent altogether of natural channels, and intended to afford the greatest facilities to commerce, by carrying canals across rivers and through mountains, wherever it was practicable to construct them.

The Duke obtained his first Act, for making a canal from Worseley to Manchester, in 1759; and the extraordinary skill with which it was executed, and its complete success, led not only to the extension of the Duke's original plans, but to the formation and execution of a vast number of new projects. The impetus once given, has been continued; so that at this moment England is more amply provided with the means of internal communication by water, than any other country of Europe, with the exception of Holland.

The utility of canals is so very much akin to that of roads, that the remarks made on the former will equally apply to the latter. For the conveyance of heavy and bulky articles, such as coal, minerals, lime, manure, potatoes, &c. canals are preferable to roads. They

are entitled to a very prominent place in any enumeration of the causes of the unprecedented advance of wealth and population in England during the last sixty or seventy years. They have given to almost all our considerable towns the command of an extensive inland navigation, and have consequently promoted their manufactures, commerce, and population, in a degree that is not easily imagined.

But great as the facilities afforded by the roads and canals hitherto in use have been, it is supposed by many that they will, at no distant period, be superseded by the general introduction of *rail-roads* and *locomotive* engines. The rail-road from Manchester to Liverpool is one of those undertakings that reflect the greatest credit on the enterprise of the country; and the performances of the engines upon it, in respect both of swiftness and power, are altogether astonishing, and go far to render space and time elements of very inferior importance in the calculations of the traveller. But the expense of constructing a rail-road, and of keeping it in repair, is very great; and the original cost and wear and tear of the engines are also very heavy items. It is reasonable, indeed, to suppose that this expense will be materially reduced, according as this new department of the science of engineering comes to be better understood; but, at present, it does not appear that rail-roads could be safely introduced, except between places not very distant, and which have an extensive intercourse together.

It is customary to insert provisions in the acts authorising canals to be cut, limiting the sum which the proprietors are to be entitled to charge upon the goods conveyed by them. But we think the dividend ought also to be limited; and that it should be stipulated, that whatever a moderate toll yielded over and above defraying this dividend, and providing for the repair of the canal, should be accumulated as a fund to buy up the stock of the canal, so that the toll may ultimately be reduced to such a sum as may suffice merely to defray the ordinary repairs, and the expense of towing. Were the possible dividend that the proprietors might divide so high as to afford them a sufficient inducement to embark their capital in the undertaking, we are not aware of any serious inconveniencies that could result from the adoption of such a plan, while it might be productive of very great advantages. Had the dividends upon the Grand Trunk Canal been limited to 20 or 25 per cent., there would not have been a single subscriber the less at the outset, and the canal would have been bought up long ago, and the expenses of transit upon it reduced to almost nothing. We would extend this principle to rail-roads, and most other undertakings where any exclusive privilege is given to the subscribers. Had it been attended to when the New River project was set on foot, the inhabitants of the metropolis would, during the last hundred years, have been supplied with water free of expense. To assign over to a few private individuals the power of making *unlimited profits* for an *unlimited period*, at the expense of the public, is a wanton sacrifice of their rights and interests. A limitation of profits to 15 or 20 per cent. would not, we are satisfied, occasion a single project to be abandoned, that would be carried into effect were the limitation withdrawn. It would give to enterprise a fair and ample reward; at the same time, that it would secure to the public a participation in such extraordinary gains as could not enter into the views of the projectors of any rational scheme.

The application of steam to the purposes of navigation has had a wonderful influence in facilitating commerce. Formerly it was not unusual for large fleets to be wind-bound for several days, and sometimes even weeks, in a port or roadstead, from which, had they been able to escape, they might have prosecuted their voyage. The employment of steam-vessels for the purpose of towing others out of port has effectually obviated this source of inconvenience and loss, and has enabled ships to get to sea as soon they are ready. In countries like Great Britain, which have a vast extent of sea-coast, steam-navigation is particularly important. Ordinary sailing-vessels may be prevented by adverse winds, for several days, from effecting even the shortest passage; but steam-ships make their way in defiance of every obstacle, and have given to voyages, from place to place, by sea, the expedition, and almost the regularity, of mail-coach travelling! 'These new and wonderful machines walk the water, like a giant rejoicing in his course,—stemming alike the tempest and the tide,—accelerating intercourse—shortening distances—creating, as it were,

unexpected neighbourhoods, and new combinations of social and commercial relations; and giving to the fickleness of winds, and the faithlessness of waves, the certainty and steadiness of a high-way upon the land.'—(*Canning's Speeches at Liverpool.*)

But it is in river navigation that the influence of this new power will be principally felt. The difficulty of ascending rivers has hitherto been a great obstacle to their navigation; but happily the genius of Watt and Fulton has overcome this difficulty. The inmost recesses of Europe, America, Asia, and even Africa, have been rendered accessible to commercial enterprise. The Elbe, the Vistula, the Mississippi, the Amazon, the Euphrates, and the Nile, may now be safely and easily explored; and the commodities and products of the most distant countries conveyed to the heart of the Continents in which they have their source. The sea, which has been expressively termed the great highway of nations, has thus, as it were, received a vast extension; and the identical vessel in which an individual leaves the Thames, may convey him to Prague, the ruins of Babylon, the Andes, or the frontiers of Ethiopia.

In consequence of the general establishment of regular government, of the protection afforded to industry, and of the influence of those facilities to commerce we have thus briefly endeavoured to trace, it has, notwithstanding the counteracting circumstances to which we shall speedily call the reader's attention, been extended to every country of the world; all have felt its beneficial influence; all have been indebted to it for the principal part of the progress they have hitherto made in civilization; and all may expect, when the obstacles that still oppose its progress are removed, that it will accelerate their progress, and become a still more prolific source of industry and opulence.

Chapter IV.

*General considerations as to the Freedom of Commerce—Origin of Restrictions—*I. *Restrictions originating in erroneous notions as to the Precious Metals—Balance of Trade.*—II. *Operation and Influence of Restrictions intended to promote Industry at Home.*—III. *Operation and Influence of Restrictions originating in Political Motives.*

In the previous chapters we have endeavoured to lay before the reader a view of the rise and influence of commerce, and of the principal means by which it may be promoted. We have shown that the commercial intercourse carried on between the inhabitants of different districts of the same country, and those of different countries, is founded on that very principle which prompts each member of the same family, or each inhabitant of the same village, to apply himself to some one business. It would, therefore, seem that that *freedom* of commerce which is universally admitted to be productive of the most beneficial consequences when established between the occupants of different districts of the same country, must be equally so when established between those of different countries. It appears to be generally believed, that to occasion a commercial intercourse, nothing more is necessary than to remove such legal or physical obstacles as may interpose to prevent it. But this is not by any means enough. A, of Yorkshire, does not sell to or buy from B, of Kent, merely because there is nothing to hinder him from doing so; he must further believe that his interest will be promoted by the transaction: unless he do this, the utmost facility of exchanging will be offered to him in vain; nor will the finest roads or the speediest conveyances occasion the least intercourse. We neither buy nor sell for the mere pleasure of the thing. We do so only when we believe it will be a means of promoting some end, of procuring some peculiar advantage for ourselves that we could not have so easily procured in any other way. If any one supposed he could better attain his object in entering upon a commercial transaction with some particular individual, by entering upon a similar transaction with some one else, or by any other means, he would most certainly decline engaging in it. We may, and often do, make a false estimate of what is for our advantage; but its promotion is the mainspring of our actions; and it is it, and it only, that we have in view when we buy of a particular individual, or resort to a particular market, in preference to others.

Unless, therefore, it could be satisfactorily established that princes and rulers have a better understanding of what has a tendency to promote the wealth and industry of their subjects, than themselves, it is difficult to see on what

ground any restriction on the freedom of commerce is to be vindicated. The person who buys French wine or Polish corn does so only that he may benefit himself; and the fair presumption is, that he does what is right. Human reason is, no doubt, limited and fallible; we are often swayed by prejudice, and are apt to be deceived by appearances. Still, however, it is certain that the desire to promote our own purposes contributes far more than anything else to render us clearsighted and sagacious. '*Nul sentiment dans l'homme*,' says the able economist, M. Say, '*ne tient son intelligence éveillée autant que l'intérêt personnel. Il donne de l'esprit aux plus simples.*' The principle that individuals are, speaking generally, the best judges of what is most beneficial for themselves, is now universally admitted to be the only one that can be safely acted upon. No writer of authority has latterly ventured to maintain the exploded and untenable doctrine, that governments may advantageously interfere to regulate the pursuits of their subjects. It is their duty to preserve order, to prevent one from injuring another; to maintain, in short, the equal rights and privileges of all. But it is not possible for them to go one step farther, without receding from the principle of non-interference, and laying themselves open to the charge of acting partially by some, and unjustly by others.

'The statesman,' says Dr. Smith, 'who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted not only to no single person, but to no council or senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it.'—(*Wealth of Nations*, vol. ii., p. 280.)

In every discussion as to any point of public economy, it is essential to bear in mind that the legislature abandons its duty, or rather acts in direct opposition to it, the moment it begins to legislate in the view of promoting the interest of particular classes. The question never ought to be, whether any proposed measure or regulation has a tendency to benefit agriculturists, manufacturers, or merchants; but whether its tendency be to benefit the public. Certain individuals or classes may be benefited by what is prejudicial to others; but it would be a contradiction to contend that a system of policy which enriches A by impoverishing B can be publicly advantageous. And it is upon this latter consideration that the attention of the legislature ought always to be fixed. Whatever has any tendency to increase the security of property, to perfect the divisions of labour, to stimulate industry and ingenuity, and to increase the wealth and comforts of *all* classes, deserves the encouragement of government. But when it goes further, and interferes to prohibit individuals from carrying on certain branches of trade that others may be promoted, it arrogates to itself that authority, the assumption of which is so justly censured by Dr. Smith. Such a prohibition is, in fact, quite subversive of the right of private property; for that right is violated, not merely when a man is unjustly deprived of any part of his fortune, but also when he is prevented from disposing of it in any way, not hurtful to others, he may think fit.

It does not, therefore, appear, considering this question on general grounds, that there is the shadow of a foundation for those commercial restrictions that make so prominent a figure in the policy of all modern nations. If it could be shown that statesmen and ministers were the best judges of the means by which those subject to their authority might improve their condition, the case would be different. But no such pretension is set up, and, if it were, it would be universally scouted. We may safely leave the conduct of individuals to be determined by their own prudence and sagacity. They act under the most serious responsibility; and we have the best attainable security—the plain and obvious interest of the parties—that they will, in the peculiar circumstances under which they are placed, follow that course which is most advantageous for themselves, or, in other words, for the community. All systems of policy that would regulate the pursuits of private persons according to the views of government, must be arbitrary and violent in their nature; and any attempt to act upon them could not fail to be productive of the most mischievous consequences. A wise government will confine its efforts to the maintenance of that order of things which Nature has established. It will not mix itself up

with the affairs of its subjects, but will leave them to pursue their own interest in their own way; to bring their industry and capital into the freest competition with those of others; and will interpose only when they swerve from the rules of justice. Freedom and security are all that is necessary to stimulate industry, and to insure the most rapid advancement in the career of improvement.

We cannot, however, feel any surprise that these principles should have been so widely departed from, and that commerce, and, indeed, most sorts of industry, should be everywhere subjected to restrictions and regulations. They originated in a comparatively unenlightened age, before the genuine sources of public wealth, and the limits of proper interference on the part of governments, had been explored and defined. The fallacies on which most of them are founded, however obvious they may now seem, were not speedily or easily detected; and, after their hollowness has been exposed, the return to a better system is a work of extreme difficulty. Every regulation affecting the employment of capital and industry, though always injurious to the public, is, for the most part, productive of advantage to a greater or smaller number of individuals. The moment that any change is proposed, these persons lay before government the most exaggerated representations of the injury that would result from the abolition or modification of the regulation; and not satisfied with this, they most commonly enlist a portion of the press into their service, and, availing themselves of all the aid that sophistry and ingenuity can supply, labour to make the public believe that it is a national benefit, and that they are interested in its support! This device has very often been attended with the most complete success; and it is to this circumstance, more than anything else, that the tenacity with which erroneous theories in commerce are supported, is to be ascribed; and that sophisms, that have been again and again exposed, are put forward anew with as much seeming confidence as if they had never been questioned.

The origin of the greater number of the restraints laid upon commerce may be traced to one or more of the following sources:—*first*, to erroneous notions with respect to the precious metals, and the *balance of trade; second*, to well-meant but mistaken efforts to encourage industry at home; and, *third*, to political motives, to a desire to depress the industry of a rival nation, or to avenge prohibitions by prohibitions. We shall offer some observations on each of these classes of restrictions.

I. *Restrictions originating in erroneous notions as to the precious Metals —Balance of Trade.*—It may appear like a truism to state, that wealth does not consist in the abundance of gold and silver, but in the abundance of the various necessaries, conveniences, and enjoyments of human life. But though this be now universally admitted, the contrary opinion was long acted upon; and of those who allow that gold and silver are nothing but commodities, there are many who still think that their importation and exportation are determined by peculiar laws, and are productive of very different effects from the importation or exportation of any other species of produce.

The notions so long prevalent as to the paramount importance of the precious metals, naturally grew out of the circumstance of their having been almost everywhere selected, at a very early period, to perform the functions of money. Being used both as standards by which to determine the value of commodities, and the equivalents for which they were most frequently exchanged, they acquired, in consequence of this double function, an adventitious importance, not in the estimation of the vulgar only, but in that of persons of the greatest discernment. The simple and decisive consideration, that all buying and selling is really nothing more than the bartering of one commodity for another,—of a certain quantity of corn or cloth, for example, for a certain quantity of gold or silver, and *vice versâ*,—was entirely overlooked. The attention was gradually transferred from the end to the means, from the money's worth to the money itself; and the wealth of individuals and states was supposed to consist, not of the abundance of their disposable products, of the quantity or value of the products with which they could afford to purchase the precious metals, but of the quantity of these metals actually in their possession. Such is the flimsy and fallacious hypothesis on which the theories of most of the early commercial writers are founded; and such also is the hy-

pothesis on which this and most other civilized countries at one time regulated their intercourse with each other! The grand object of governments has not been to facilitate production, but to monopolize the greatest supply of the precious metals. And as, in countries destitute of mines, these could not be obtained except in exchange for commodities sent abroad, various devices were resorted to for encouraging exportation, and preventing the importation of all commodities, other than the precious metals, that were not destined for future exportation. And thus it was that the prosperity of states came to be measured, not by the increase of their capital or population, by the rate of wages or of profits, or by their advancement in the useful and elegant arts; but by the *excess of the value of their exports over the value of their imports.* This excess was denominated a *favourable balance,* or a balance against the foreigner; and it was not supposed that he could cancel it, except by sending to the creditor country an equivalent amount of gold and silver, or of that which was then believed to be the only real wealth. When the imports exceeded the exports, the balance was said to be *unfavourable;* and it was concluded that a corresponding amount of bullion would have to be sent abroad, the nation being in consequence rendered so much the poorer!

It would be worse than useless to take up the reader's time by proving, what is now universally admitted, that gold and silver form only a very small portion of the wealth of every civilized country, and that it is in no respect necessary to take any extraordinary measures to force their importation, or to retain them at home after they have been imported. We shall content ourselves with showing that, though the theory of the *balance of trade* had not been founded on erroneous notions as to money, it was in other respects entirely fallacious. There are really no means by which any accurate estimate can be formed of the balance due to or by any particular country on account of its commercial transactions with others. Supposing, however, that it were correctly ascertained, it would be found, in opposition to the common opinion, that the value of the commodities imported generally exceeds the value of those that are exported; and that it is only in certain cases, and those of very rare occurrence, that a balance is cancelled by a bullion payment.

(1.) The proper business of the wholesale merchant consists in carrying the various products of the different countries of the world, from places where their value is least to those where it is greatest; or, which is the same thing, in distributing them according to the effective demand. It is clear, however, that there could be no motive to export any species of produce, unless that which it was intended to import in its stead was of greater value. When an English merchant commissions a quantity of Polish wheat, he calculates on its selling for so much more than its price in Poland as will be sufficient to pay the expense of freight, insurance, &c., and to yield beside the common and ordinary rate of profit on the capital employed. If the wheat did not sell for this much, its importation would obviously be a loss to the importer. It is plain, then, that no merchant ever exports but in the view of importing something more valuable in return. And so far from an excess of exports over imports being any criterion of an advantageous commerce, it is distinctly the reverse; and the truth is, notwithstanding all that has been said and written to the contrary, that unless the value of the imports exceeded that of the exports, foreign trade could not be carried on. Were this not the case, that is, were the value of the exports always greater than that of the imports, we should lose in every transaction with foreigners, and the trade with them would be speedily abandoned.

The rates at which exports and imports are officially valued, in England, were fixed so far back as 1696. But the very great alteration that has since taken place, not only in the value of money, but also in the cost of most commodities, renders this official valuation of no use whatever as a criterion of the true value of the exports and imports. In order to remedy this defect, an account of their *real* or *declared* value is annually prepared from the declarations of the merchants, and laid before Parliament. But even this is very far from accurate: most imported commodities being loaded with heavy duties, it is, speaking generally, the interest of the merchant to conceal and underrate their value; while, on the other hand, it is sometimes for his interest to exag-

gerate the value of those entitled to a drawback on being exported; and as few commodities are subject to a duty on exportation, it may be fairly presumed that their value is, if not overrated, at least stated at its full amount.

If perfectly accurate accounts could be obtained of the value of the exports and imports of a commercial country, there can be no manner of doubt that, in ordinary years, the latter would always exceed the former. The value of an exported commodity is estimated at the moment of its being sent abroad, and *before* its value is increased by the expense incurred in transporting it to the place of its destination; whereas the value of the commodity imported in its stead is estimated *after* it has arrived at its destination, and, consequently, after its value has been enhanced by the cost of freight, insurance, importer's profits, &c.

In the United States the value of the imports, as ascertained by the custom-house returns, always exceeds the value of the exports. And although our practical politicians have been in the habit of considering the excess of the former as a certain proof of a disadvantageous commerce, 'it is nevertheless true,' says Mr. Pitkin, '*that the real gain of the United States has been nearly in proportion as their imports have exceeded their exports.*' (*Commerce of the United States*, 2nd edit. p. 280.) The great excess of American imports has in part been occasioned by the Americans generally exporting their own surplus produce, and consequently receiving from foreigners not only an equivalent for their exports, but also for the cost of conveying them to the foreign market. 'In 1812,' says the author just quoted, 'flour sold in America for *nine dollars and a half* per barrel, and in Spain for *fifteen dollars*. The value of the cargo of a vessel carrying 5000 barrels of flour would, therefore, be estimated, at the period of its exportation, at 47,500 dollars; but as this flour would sell, when carried to Spain, for 75,000 dollars, the American merchant would be entitled to draw on his agent in Spain for 27,500 dollars more than the flour cost in America; or, than the sum for which he could have drawn had the flour been exported in a vessel belonging to a Spanish merchant. But the transaction would not end here: the 75,000 dollars would be vested in some species of Spanish or other European goods fit for the American market; and the freight, insurance, &c. on account of the return cargo, would probably increase its value to 100,000 dollars; so that in all the American merchant might have imported goods worth 52,500 dollars more than the flour originally sent to Spain.' It would be as reasonable to deny that such a transaction is advantageous, as it is to deny that its advantage consists entirely in the excess of the value of the goods imported over the value of those exported. And it is equally clear, that America might have had the real balance of payments in her favour, though such transactions as the above had been multiplied to any conceivable extent.

(2.) In the second place, when a balance is due by one country to another, it is but seldom that it is paid by remitting bullion from the debtor to the creditor country. If the sum due by the British merchants to those of Holland be greater than the sum due by the latter to them, the balance of payments will be against Britain; but this balance will not, and, in fact, cannot, be discharged by an exportation of bullion, *unless bullion be at the time the cheapest exportable commodity;* or, which is the same thing, *unless it may be more advantageously exported than anything else.* Let us suppose that the balance of debt, or the excess of the value of the bills drawn by the merchants of Amsterdam on London over those drawn by the merchants of London on Amsterdam, amounts to 100,000*l.*: it is the business of the London merchants to find out the means of discharging this debt with the least expense; and it is plain, that if they find that any less sum, as 96,000*l.*, 97,000*l.*, or 99,900*l.*, will purchase and send to Holland as much cloth, cotton, hardware, colonial produce, or any other commodity, as would sell in Amsterdam for 100,000*l.*, no gold or silver will be exported. The laws which regulate the trade in bullion are not in any degree different from those regulating the trade in other commodities. It is exported only when its exportation is advantageous, or when it is more valuable abroad than at home. It would, in fact, be quite as reasonable to expect that water should flow up-hill, as it is to expect that bullion should leave a country where its value is great, to go to one where it is low! It is never sent abroad to destroy, but always to find, its level. The balance of payments might be ten or a hundred millions against a country,

without causing the exportation of a single ounce of bullion. Common sense tells us, that no merchant will remit 100*l.* worth of bullion to discharge a foreign debt, if it be possible to invest any smaller sum in any species of merchandise which would sell abroad for 100*l.*, exclusive of expenses. A dealer in the precious metals is as much under the influence of *self-interest* as a dealer in coffee or indigo; but who would attempt to extinguish a debt by exporting coffee which cost him 100*l.*, if he could effect his object by sending abroad indigo which cost only 99*l.*?

The argument about the balance of payments is one of those which contradict and confute themselves. As every country in the world, with the single exception of the United States, has its favourable balance, it follows, of course, that they must be paid by an annual importation of bullion from the mines, corresponding to their *aggregate amount*. But it is certain, that the entire produce of the mines, though it were increased in a tenfold proportion, would be insufficient for this purpose! This *reductio ad absurdum* is decisive of the degree of credit that ought to be attached to conclusions respecting the flourishing state of commerce drawn from the excess of exports over imports!

Not only, therefore, is the common theory with respect to the balance of trade erroneous, but the very reverse of it is true. In the *first* place, the value of the commodities imported by all countries which carry on an advantageous commerce (and no other will be prosecuted for any considerable period) invariably exceeds the value of those which they export. Unless such were the case, there would plainly be no fund whence the merchants, and others engaged in foreign trade, could derive either a profit on their capital, or a return for their outlay and trouble. And, in the *second* place, whether the balance of debt be for or against a country, that balance will neither be paid nor received in bullion, unless it be at the time the commodity, by the exportation or importation of which the account may be most profitably settled. Whatever the partisans of the doctrine, as to the balance, may say about money being a preferable product, a *marchandise par excellence*, it will never appear in the list of exports and imports while there is anything else with which to carry on trade or cancel debts, that will yield a larger profit, or occasion a less expense to the debtors.

Perhaps we might now leave this part of our subject; but erroneous notions as to the superior importance of the precious metals are still so very prevalent, that we hope to be excused for laying the following paragraphs from Dr. Smith's great work before the reader. They set the inefficacy of all attempts to force the importation of gold and silver, and to prevent their exportation, in the most striking point of view.

'A country that has no mines of its own must undoubtedly draw its gold and silver from foreign countries, in the same manner as one that has no vineyards of its own, must draw its wines. It does not seem necessary, however, that the attention of government should be more turned towards the one than towards the other object. A country that has wherewithal to buy wine will always get the wine which it has occasion for; and a country that has wherewithal to buy gold and silver, will never be in want of those metals. They are to be bought for a certain price, like all other commodities; and as they are the price of all other commodities, so all other commodities are the price of those metals. We trust, with perfect security, that the freedom of trade, without any attention of government, will always supply us with the wine which we have occasion for, and we may trust, with equal security, that it will always supply us with all the gold and silver which we can afford to purchase or to employ, either in circulating our commodities, or in other uses.

'The quantity of every commodity which human industry can either purchase or produce, naturally regulates itself in every country according to the effectual demand, or according to the demand of those who are willing to pay the whole rent, labour, and profits, which must be paid in order to prepare and bring it to market. But no commodities regulate themselves more easily or more exactly, according to this effectual demand, than gold and silver; because, on account of the small bulk and great value of those metals, no commodities can be more easily transported from one place to another; from the places where they are cheap to those where they are dear; from the places where they exceed to those where they fall short of this effectual demand. If

there were in England, for example, an effectual demand for an additional quantity of gold, a packet-boat would bring from Lisbon, or from wherever else it was to be had, fifty tons of gold, which could be coined into more than five millions of guineas. But if there were an effectual demand for grain to the same value, to import it would require, at five guineas a ton, a million of tons of shipping, or a thousand ships of a thousand tons each. The navy of England would not be sufficient.

'When the quantity of gold and silver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation. All the sanguinary laws of Spain and Portugal are not able to keep their gold and silver at home. The continual importation from Peru and Brazil exceed the effectual demand of those countries, and sink the price of those metals there below that in the neighbouring countries. If, on the contrary, in any particular country their quantity fell short of the effectual demand, so as to raise their price above that of the neighbouring countries, the government would have no occasion to take any pains to import them. If it were even to take pains to prevent their importation, it would not be able to effectuate it. Those metals, when the Spartans had got wherewithal to purchase them, broke through all the barriers which the laws of Lycurgus opposed to their entrance into Lacedemon. All the sanguinary laws of the customs are not able to prevent the importation of the teas of the Dutch and Gottenburgh East India companies, because somewhat cheaper than those of the British company. A pound of tea, however, is about a hundred times the bulk of one of the highest prices, sixteen shillings, that is commonly paid for it in silver; and more than two thousand times the bulk of the same price in gold, and consequently just so many times more difficult to smuggle.

'It is partly owing to the easy transportation of gold and silver from the places where they abound to those where they are wanted, that the price of those metals does not fluctuate continually like that of the greater part of other commodities, which are hindered by their bulk from shifting their situation when the market happens to be either over or under-stocked with them. The price of those metals, indeed, is not altogether exempted from variation, but the changes to which it is liable are generally slow, gradual, and uniform. In Europe, for example, it is supposed, without much foundation perhaps, that during the course of the present and preceding century they have been constantly, but gradually, sinking in their value, on account of the continual importations from the Spanish West Indies. But to make any sudden change in the price of gold and silver, so as to raise or lower, at once sensibly and remarkably, the money-price of all other commodities, requires such a revolution in commerce as that occasioned by the discovery of America.

'If, notwithstanding all this, gold and silver should at any time fall short in a country which has wherewithal to purchase them, there are more expedients for supplying their place than that of almost any other commodity. If the materials of manufacture are wanted, industry must stop. If provisions are wanted, the people must starve. But if money is wanted, barter will supply its place, though with a good deal of inconveniency. Buying and selling upon credit, and the different dealers compensating their credits with one another, once a month, or once a year, will supply it with less inconveniency. A well regulated paper money will supply it, not only without any inconveniency, but in some cases with some advantages. Upon every account, therefore, *the attention of government never was so unnecessarily employed, as when directed to watch over the preservation or increase of the quantity of money in any country.*' (*Wealth of Nations*, vol. ii. pp. 247-250.)

We are ready to admit that there is no complaint more common than that of a scarcity of money; but there are few so entirely destitute of foundation. It is not money that is deficient, but articles to offer for it. The man who has property rarely encounters any serious difficulty in exchanging it for money, or in raising loans upon it. However plentiful, but little money will ever find its way into the pockets of the poor. It is, like all valuable articles in universal demand, to be had by those who can afford to pay for it, and by none else. It is true, that were the quantity of money considerably increased, its value would be lowered, and it would be obtainable in exchange for less quantities of labour, or of other things, than previously. But except in so far as a

fall of this sort might occasion a reduction of the fixed burdens affecting the industrious classes, it would be of no advantage to any one. Each individual knows that an increase of his own stock of cash will be much for his advantage; and hence money is universally coveted. But it is because the increase is peculiar—because it is the result of his superior industry, frugality, or good fortune—that it is so advantageous to him. Were every man's cash increased in the same proportion, no one would be the better for the change. Money is not the end of our exertions: it is the means only by which we are to arrive at our ends, or by which we are to increase our command over the necessaries and accommodations of human life. But supposing that every man's stock of money were suddenly doubled or trebled, then, as the prices of all sorts of services and commodities would be raised in the same proportion, we should be as far as ever from the attainment of our ends. More tickets or counters would be employed in estimating the value of property, and in transferring it from one to another, but it is needless to add that none would be the better on that account. Individuals are poor, not because there is little money in the country, but because they are destitute of property to give in exchange for money, or because, owing to changes of fashion, or something else, no one is inclined to buy the property they offer for sale. A man who has nothing to give for a hat, or nothing that the hatters will accept of, will not obtain it except by way of gift or charity, even though the markets were glutted with hats. The same is the case with gold, silver, and everything. How much soever the supply of the precious metals may be increased, their possessors will not part with them except for an equivalent; and such as are unable to offer it, must submit to be without them.

'Were all the gold in England annihilated at once, and one and twenty shillings substituted in the place of every guinea, would money be more plentiful, or interest lower? No, surely: we should only use silver instead of gold. Were gold rendered as common as silver, and silver as common as copper, would money be more plentiful, or interest lower? We may assuredly give the same answer. Our shillings would then be yellow, and our halfpence white; and we should have no guineas. No other difference would be observed; no alterations in commerce, manufactures, navigation, or interest; unless we imagine that the colour of the metal is of any consequence.

'Now, what is so visible in these greater variations, of scarcity or abundance, of the precious metals, must hold in all inferior changes. If the multiplying gold and silver fifteen times makes no difference, much less can the doubling or trebling them. All augmentation has no other effect than to heighten the price of labour and commodities; and even this variation is little more than that of a name. In the progress towards these changes the augmentation may have some influence by exciting industry; but after the prices are settled, suitable to the new abundance of gold and silver, it has no manner of influence.' (*Hume's Essay on Interest.*)

II. *Restrictions in favour of domestic Industry.*—The policy of allowing an unlimited freedom in the trade of the precious metals, though still regarded with jealousy by a great number of individuals, is now almost universally acknowledged by statesmen and legislators. But it is otherwise with that class of restrictions intended to promote domestic industry. In this respect, too, a very great advance has been made, particularly within the last few years, in a more liberal way of thinking. We believe, however, that the majority of well-informed persons, even in the most intelligent countries, are still strongly attached to the protective system, and conscientiously believe that the public interests may be materially promoted by absolutely prohibiting, or at least restricting, the importation of such articles from abroad as may be produced at home. A prejudice of this sort naturally, indeed, grows up in the breast of every man, and is not easily eradicated. The wealth which is expended in the purchase of foreign commodities seems as if it were so much taken from the means of supporting and employing our own countrymen. When an individual, for example, buys French silk and German linen, every one forthwith concludes that the demand for similar articles of home manufacture must be proportionally diminished, while not one in a thousand thinks of tracing the ultimate influence of the transaction. The supposed injury done to the British

artisan is the only thing that is seen or attended to by the vast majority of those who reason upon such topics, or who, at least, undertake to decide as to their policy. And it is not to be wondered at that those who proceed upon such narrow grounds, who throw half the circumstances of the case entirely out of view, should be vehemently opposed to what appears, when thus partially considered, to be productive only of disastrous results. We freely confess that we are not the advocates of a liberal system of commercial policy because of its being generally advantageous to the different nations of the earth. That it is so, is certainly a powerful recommendation in its favour; but we are not cosmopolitans enough to defend it on this ground. And if it could be shown that the freedom of commerce, though beneficial to other countries, was really injurious to England, we should be the very last to propose the repeal or modification of any restriction. We differ with the defenders of the protective system about *means*, and not about *ends*. We are quite as little inclined as they are to advance the interests of others at the expense of our own people; and it is only because we are fully satisfied that the injury supposed to be done to the latter by the admission of foreign products is altogether imaginary, and that, in point of fact, their wealth and prosperity will be most effectually promoted by the unbounded freedom of commerce, that we are its uncompromising advocates.

In discussing the policy of restrictions on importation, it should be borne in mind, that they cannot be of the smallest service to any one engaged in the production of those articles in which the country enacting the restriction has a superiority, or which may be as cheaply produced there as in other places. And no one doubts, that by far the largest proportion of the employments in every extensive country are in this predicament—that they are either carried on under some peculiar advantage of soil, climate, or superior skill, or are in these respects on a par with those carried on in other countries; and in either case, it is not possible that they should sustain the least injury from the unrestricted admission of foreign products. Restrictions intended to prevent or fetter the importation of such articles would, indeed, be wholly inoperative. They are practically felt only when they affect products that cannot be raised at home, or that may be more cheaply imported from abroad.

It is obvious, on the first blush of the matter, that a policy of this sort contradicts all the principles that regulate the conduct of every prudent individual in private life. No one thinks of performing everything for himself, nor of making at home what it would cost him more to make than to buy. The tailor, as Dr. Smith has remarked, does not attempt to make his own shoes, but buys them from a shoemaker; the shoemaker, on his part, does not attempt to make his own clothes, but employs a tailor; and the farmer makes neither the one nor the other, but obtains them in exchange for corn and cattle. Each individual finds it for his advantage to employ himself in some particular business, and to exchange a part of his peculiar produce for such parts of the produce of others as he may have occasion for. And it is not very easy to see how that conduct, which is universally admitted to be wise and proper in individuals, should be foolish and absurd in the case of a state, that is, of the total number of individuals inhabiting a particular tract of country!

We are not aware that any one has gone so far as to contend, that the commerce carried on by different districts of the same country is disadvantageous to any of them; and yet, as was already remarked, it is not the mere freedom of dealing with each other that leads to an intercourse between different places—it is because all parties are sensible that their interests are promoted by it that it takes place. If any party imagined themselves injured by this traffic, it would be as absolutely put an end to, in so far at least as they are concerned, as if they were separated from the others by impassable mountains or morasses. And when such is the fact, when it is the promotion of their own interests, and nothing else, that leads individuals to engage in commercial enterprises, what is there to fear from giving the same freedom to the intercourse with foreign countries, as to that between different parts of the same country? Though the trade between France and England were as free as that between London and Newcastle, there can be no question that it would continue as limited as

at present, unless the English, as well as the French, found it was for their advantage to extend their dealings.

But it is said, that the only class whose advantage is attended to in such cases, is that of the *consumers;* and that, though they may be benefited by an unrestricted intercourse with foreigners, the *producers* may be deeply injured. There is, however, very little ground for this distinction. Every individual is a consumer, and consumption is, besides, the sole end and purpose of production. It follows, therefore, that the interests of the consumers and those of the community are identical. Whatever promotes them, must, consequently, conduce to the public good—to that *salus populi* which it should be the grand object of all legislation to advance. In changing from a restricted to a free system, a few individuals may be injured in the same way that they are sometimes injured when new processes, or more powerful machines, are introduced. It is material, however, to observe, that the injury in every such case amounts to no more than a forced change of employments; for it will be shown, that to whatever extent the relaxation or repeal of a restriction on importation may lessen the demand for some species of produce raised at home, it unavoidably increases the demand for some other species in a corresponding proportion.

(1.) When a restriction is laid on the importation of any description of commodities previously brought from abroad, their price suddenly rises, and the home producers get an advantage; but what they gain in this way is plainly at the expense of their fellow-citizens, and is, besides, of trifling importance. For, additional capital being drawn to the business, prices are very soon reduced to the level that barely affords the ordinary rate of profit. Now, it is just possible, that this level may be identical with that at which prices stood previously to the restriction; but the probability is, that it will be considerably higher. If the former should happen to be the case, little, though something, will have been lost, but nothing whatever will have been gained by the restriction. By ceasing to import from the foreigner, we must also cease exporting to him; for the exports are, in all cases, merely the equivalents of the imports. All, therefore, that will have been accomplished by this measure will be the transference of capital from one employment to another. That equality of protection to which all individuals are justly entitled will have been encroached upon; the increase of one business will have been brought about by the depression of some other that was equally advantageous; but no addition will have been made to the capital of the country, or to the facilities for employing that capital with security and advantage.

But in the vast majority of cases, the price of an article imported from abroad is not the same after its importation is prohibited, but is permanently raised; for, if we could previously have produced it as cheaply as the foreigners, it would not have been imported. Instead of being obtainable, as before, for 1,000,000*l.*, the article will henceforth cost, perhaps, 1,200,000*l.*, or 1,500,000*l.* And it is obvious, that the effect of this artificial increase of price on the consumers of the article is precisely the same as if, supposing the trade to have continued free, a peculiar tax of 200,000*l.*, or 500,000*l.* a-year had been laid on them. But it will be observed, that had such a tax been imposed, its produce would have come into the hands of government, and would have formed a portion of the national income; whereas the increased cost of the article is, under the circumstances supposed, occasioned by an *increased difficulty of production*, and is, therefore, of no advantage to any one.

It consequently results, that even in those rare cases in which a restrictive regulation has no tendency to raise prices, it is hurtful, by changing the natural distribution of capital, and lessening the foreign demand for the produce of industry to the same extent that it increases the home demand. But in that incomparably more numerous class of cases in which a restriction occasions a rise in the price of the article which it affects, it is infinitely more injurious. Besides the mischief arising from varying the natural distribution of capital, and circumscribing the foreign trade of the country, such restriction has the effect of imposing a heavy burden on the people, for no purpose of general or public utility, but to produce a certain and grievous injury, by tempting individuals to withdraw from really advantageous businesses to engage in those that cannot be prosecuted without great

national loss, and which must be abandoned the moment the prohibition ceases to be enforced.

'The natural advantages which one country has over another in producing particular commodities are sometimes so great, that it is acknowledged by all the world to be in vain to struggle with them. By means of glasses, hot-beds, and hot-walls, very good grapes can be raised in Scotland, and very good wine too can be made of them, at about thirty times the expense for which, at least, equally good can be brought from foreign countries. Would it be a reasonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and burgundy in Scotland? But if there would be a manifest absurdity in turning towards any employment thirty times more of the capital and industry of the country than would be necessary to purchase from foreign countries an equal quantity of the commodities wanted, there must be an absurdity, though not altogether so glaring, yet exactly of the same kind, in turning towards any such employment a thirtieth, or even a three-hundredth part more of either. Whether the advantages which one country has over another be natural or acquired, is, in this respect, of no consequence. As long as the one country has those advantages, and the other wants them, it will always be more advantageous for the latter nation to buy of the former than to make. It is an acquired advantage only which one artificer has over his neighbour who exercises another trade, and yet they both find it more advantageous to buy of one another, than to make what does not belong to their particular trades.' (*Wealth of Nations*, ii., p. 283.)

It is certainly true that, after an artificial system has been long acted upon, its abolition seldom fails of producing considerable temporary embarrassment and hardship; and for this reason no prudent government will ever rashly adopt any measure, how unexceptionable soever in point of principle, that might occasion any immediate and serious injury to a considerable class of its subjects. Every change in the public economy of a great nation ought to be cautiously and gradually effected. Those who have capital employed in businesses carried on under the protection of a restrictive regulation, ought to be allowed a reasonable time and every facility either to withdraw from them, or to prepare to withstand the free competition of foreigners,—but this is *all* they can justly claim. The fact of a departure having been made, on one or more occasions, from the sound principle of the freedom of industry, can never be alleged as a sufficient reason for obstinately persevering in a course of policy which has been ascertained to be most inimical to the public interests, or for refusing to embrace the earliest opportunity of reverting to a better system. To act on such a principle would be to perpetuate the worst errors and absurdities, and would be a proceeding utterly inconsistent with all the ends and objects of government.

It is but seldom, however, that governments have been open to the accusation of too hastily reverting to the sound principle of a free trade. They have, for the most part, been a great deal too prone to listen to the sophisms and misrepresentations of those who, in order to bolster up some particular privilege, exaggerate the loss that necessarily fellows the repeal of every prohibitive regulation. We deprecate all rash and capricious innovations; but we are not to reject an obvious improvement because a few individuals have, or, which is perhaps the most common case, believe they have, an interest in supporting the established order of things. The business of government is to make the interests of the few submit to those of the many; nor is there either sense or humanity in continuing to inflict an injury on the public, that a limited number of individuals may profit by a really disadvantageous business. This, however, has hitherto been the favourite policy of this and most modern nations; and no one, unless pretty conversant with the history of our commercial legislation, would easily imagine the extent to which this perverse practice is carried, and what a trifling amount of individual gain is admitted as a counterpoise to a heavy national loss. 'We submit to a loss exceeding probably a million sterling a year, occasioned by the restriction on the importation of Baltic timber, and voluntarily inoculate our houses with dry rot, lest saw-mills in Canada, and ships in the North American timber trade, the aggregate value of which does not amount to a million sterling, should become less productive to their owners. We prohibit sugar refined in the colo-

nies, and consequently import it in a state more bulky and more perishable, lest the profits of a few sugar-refiners should be lessened. Other selfishness may be as intense; but none is so unblushing, because none is so tolerated, as that of a monopolist claiming a vested interest in a public injury.' (*Senior's Lectures on the Mercantile Theory*, p. 46.)

But without dwelling on such glaring instances, it is abundantly certain that the loss and inconvenience resulting from changes of commercial policy have been grossly exaggerated. All the great branches of industry carried on in every country depend on peculiarities of soil or climate, or on the genius of the people, and not on custom-house regulations. What should we have to fear from the abolition of all prohibitions? We export the produce of every one of our principal manufactures, as cotton, wool, iron, leather, &c., to every market of the world; so that the possibility of their being injured by the admission of similar articles from abroad is quite out of the question. Admitting, however, that the abandonment of the protective system might force a few thousand workmen to abandon their employments, it is material to observe that *equivalent new ones* would, in consequence, be opened to receive them, and that the aggregate demand for their services would not be in any degree diminished. Suppose that, under a system of free trade, we imported a part of the silks and linens we now manufacture at home, it is quite clear, inasmuch as neither the French nor Germans would send us their commodities gratis, that we should have to give them an equal amount of British commodities in exchange: so that such of our artificers as had been engaged in the silk and linen manufactures, and were thrown out of them, would, in future, obtain employment in the production of the articles that must be exported as equivalents to the foreigner. It is idle, therefore, to pretend that the repeal or modification of a restrictive regulation can ever be a means of diminishing the demand for labour. We may, by giving additional freedom to commerce, change the *species of labour* in demand, and make it be employed more profitably, but we cannot lessen its quantity. Should our imports this year amount to ten or twenty millions more than they did last year, we shall, it is certain, have to pay them by exporting an equally increased amount of our peculiar products. And, therefore, if *exportation* be desirable, and the most ardent admirers of the restrictive system admit it to be such, *importation* must also be desirable—for the two are indissolubly connected; and to separate them, even in imagination, infers a total ignorance of the most obvious principles. Commerce, whether carried on between individuals of the same or of different countries, is founded on a fair principle of reciprocity;—buying and selling are in it what action and reaction are in physics, *equal and contrary*. Those who will not buy from others, render it impossible for others to buy from them. Every sale implies an equal purchase, and every purchase an equal sale. Hence to prohibit buying is exactly the same thing, in effect, as to prohibit selling. No merchant would ever export a single bale of goods, were he prevented from importing a greater value in its stead. But it is impossible he can do this if foreign commodities be excluded. In whatever degree, therefore, an unrestricted trade might lead us to receive commodities from other countries, in the same degree it would render them customers for our commodities, would promote our manufactures and extend our trade. To suppose that commerce may be too free, is to suppose that labour may be turned into too productive channels,—that the objects of demand may be too much multiplied, and their price too much reduced; it is like supposing that our agriculture may be too much improved, and our crops rendered too luxuriant.

It is often affirmed, though we believe without the least foundation for the statement, that had it not been for restrictions on importation, several manufactures that now furnish employment for a considerable population, would, most probably, never have existed amongst us. But supposing this statement to be admitted, it would not form any valid objection to the principles now laid down. It is quite as much for the advantage of communities as of single families, to respect the principle of the division of labour. The interests of every people will always be best promoted by addicting themselves, in preference, to those branches of industry in which they have a superiority over others; for it is by this means only that they can ever fully avail

themselves of their peculiar facilities of production, or employ themselves and their capital most beneficially.

When importation from abroad is restricted that some new or incipient manufacture may be promoted, government assumes, though perhaps unconsciously, that it knows better than its subjects what is the most profitable line for them to engage in. Never was there an assumption more entirely unfounded. Individuals are always on the alert to find out what are the most advantageous businesses in which to embark; and though they sometimes, no doubt, form erroneous conclusions, the chances are ten to one in favour of their being right. Were it otherwise, the number of well-advised and prosperous undertakings entered upon in all tolerably well-governed countries, would not, as is the case, infinitely exceed those of a contrary description. But though it were different, the interference of government would not certainly abate the evil. However well-intended, its attempts to introduce or extend some particular business cannot fail of being productive of immediate injury to others, while the object in view may never be realized; and though realized, it would most probably not be a national benefit, but the reverse. If, instead of directly producing linens, a manufacturer find it more profitable to produce cottons or hardware, and to exchange these with the Germans for linen, how ridiculous would it be to attempt to promote the public interests by shutting out foreign linens, and compelling them to be produced at home! It is not disputed that the linen manufacture might be somewhat promoted by such a measure; but it admits of demonstration that other and more advantageous businesses would sustain a more than corresponding depression. Governments may depend upon the fact, that their subjects are incomparably better informed with respect to these matters than they can ever be. It is not possible for them, do what they will, to interfere to encourage one set of producers, without at the same time, and by the same act, proportionally discouraging some other set. Their obvious duty is, therefore, to abstain from all interference with the legitimate pursuits of individuals. To the clamourers for protection they may always answer, that they would be happy to meet their wishes, provided they could do so without injuring others, but that that being impossible, they feel themselves bound not to interfere, but to allow every one to reap the profit or abide the loss of the speculations into which he may enter.

We may remark, by the way, that this doctrine has been strongly enforced in an able work published at Berlin, by M. Schmalz, one of the privy councillors of his Prussian majesty. 'Une fabrique véritablement utile,' it is there said:—'n'a pas besoin d'être encouragée ou soutenue par l'état. Il n'est pas nécessaire de stimuler les hommes pour qu'ils cherchent à se procurer un bénéfice quelconque; et toute fabrique qui a besoin, pour se soutenir, que l'état lui accorde un secours, est incontestablement défavorable; car c'est un indice certain qu'elle ne rapporte aucun bénéfice, et que le capital et le travail que l'on y emploie seraient employée plus utilement à tout autre genre d'industrie.' —(*Economie Politique*, ii. p. 144.)

Obvious as these principles are, the Prussian government has not had good sense enough to act upon them. Singular as it may seem, it is nevertheless true, that it is now, forgetful of what its subjects formerly suffered from the same cause, endeavouring to establish a Prussian, or in other words a 'continental system' in the north of Germany. Napoleon looked upon this system merely as a means of annoying England; but the Prussian cabinet appear to regard it as the most copious source of wealth. They have endeavoured, by means of customs' regulations, to create and extend several branches of industry. The exorbitant duties, for example, which have doubled the price of sugar, have, in Prussia as in France, led to the formation of several establishments for its manufacture from the beet-root. Thus far the system has succeeded; but mark the consequences. The sugar that Prussia imported from the West Indies and Brazil, was principally paid for by shipments of Silesian and Brandenburg linens; and the exportation, and consequently also the production, of these has declined precisely in proportion to the decline in the importations of the article for which they were exchanged! The result, therefore, is that of every shilling expended by the Prussians on sugar, a sixpence goes to enable the beet-root growers to carry on a business which does not pay its expenses; and that every atom of capital, and every

labourer so employed, have been withdrawn from businesses, yielding without any encouragement a handsome profit to the undertaker, and a revenue to the state! Such is the system which Prussia is now labouring to force upon the smaller German states. Can we wonder at their disinclination to receive such a boon?

But it is unnecessary to cross the channel for illustrations of this sort of folly. The advocates of restrictions amongst us contend that the silk-manufacture owes its origin to them; but we take leave to say, that no allegation can be more perfectly ill-founded. The silk manufacture was established many years, had obtained a firm footing, and made a considerable progress, before any one of those regulations to which its rise is ascribed was enacted. But though it were otherwise, what then? Its non-introduction would have been a conclusive proof, either that we had no means of carrying it on as advantageously as others, or that we deemed it better to employ ourselves in those branches in which our superiority was more decided. In neither case would there have been less silk consumed than at present; but we should have obtained it on more advantageous terms; and while the interests of the consumers were thus promoted on the one hand, the interests of the producers would have been still more signally benefited on the other, inasmuch as the capital and labour now employed in the silk manufacture would have been vested in more productive channels.

The remarks now made are decisive with respect to the degree of attention that ought to be given to those who complain of the prevalence of a taste for foreign commodities, and endeavour to catch at a little ephemeral and worthless popularity by recommending the exclusive use of articles produced at home. It is fortunate that these recommendations, even when backed as they have sometimes been by the approval of the court, have generally been treated with merited contempt. Were they universally acted upon, they would annihilate our foreign commerce as effectually as if the country were surrounded by Bishop Berkeley's wall of brass. The truth is, that the individual who consumes nothing that is not imported from abroad, gives, by encouraging exportation, precisely the same stimulus to the industry of his own country that is given to it by those who consume nothing not directly produced at home. Nothing can be had from foreigners without sending abroad its full equivalent; they are not such simpletons as to supply us gratis with valuable produce; though, if they did, it is not very easy to see how it should injure us. If we wear French cloth, and drink French wine, an equivalent amount of British produce must be sent out of the country to pay for them; nor should we, by ceasing to consume foreign articles, increase in any degree the demand for those produced at home. All that we should do would be to add to the demand for those peculiar sorts of produce, or their substitutes, that had previously been imported from France; and it is as clear as the sun at noon-day, that we could not do this without occasioning an equal falling off in the foreign demand for that sort of British produce that had been exported to pay the French goods, or to obtain the gold and silver with which to pay them.

We borrow from the *Free Trade Advocate*, an American Journal, the following very striking illustration of the principles now advanced:—"Tell me which weighs most, that penknife or those three silver half-dollars," said a gentleman to us the other day. I took them in my hands, and pronounced them to be of equal weight. "That penknife," said my friend, "was made in Pittsburgh. It cost one dollar and a half, and is the product of American industry, which, you see, has given to a little piece of iron and a small piece of buck's horn a value equal to its own weight in silver." All the company present were struck with this apparently irresistible argument in favour of the "American system." That iron ore and horn should be made as valuable as silver, by domestic industry, appeared to be almost incredible; and yet the veracity of the owner of the penknife, admitted no doubt on the subject. Could there be any question as to the benefit which the nation would derive from making its own penknives? seemed to be asked by several of the listeners.

'To meet this cogent fact, which seemed to my friend so conclusive as to the soundness of the restrictive system of policy that he proposed to burn every book on political economy, Adam Smith and all, I also resorted to a fact. I took out of my pocket an English

penknife, of the same weight as the American one, which had also cost a dollar and a half; and, having the two before me, expressed myself somewhat as follows:—"In the Pittsburgh knife I see the representative of a certain portion of American industry. I see the product of the labour of the miner, the coal-heaver, the smelter, the waggoner, the iron-master, the steel-maker, and the cutler. I see that the knife is the result of the combined labour of these and perhaps many others; and I also see that the knife has cost what is precisely equal to the wages of a man for three days, estimating this at fifty cents per day; in other words, 'I see that in order that the nation should possess that penknife, one man must labour for three days.

'"Now in the English knife I also see a portion of American industry. I see in it the product of the labour of the ploughman, the sower, the reaper, the thrasher, the miller, the wood-cutter, the cooper, the waggoner, the factor, the merchant, the ship-builder the rigger, the sail-maker, the ship-smith, the ship-joiner, the plumber, the drayman, the mariner, and a dozen others who are employed in producing wheat, converting it into flour, and in transporting it abroad. All this is American industry, and is *only another mode of making a penknife.* It has, however, the advantage over the first mode. Were it not for the protecting duty, the English knife would cost but one dollar; or, in other words, the nation would procure it by the labour of one man for two days instead of three; and if it be for the interest of each individual that he should procure what he wants with the least possible quantity of labour, so must it be for the interest of *all* individuals, that is, the nation."' (Vol. i., p. 238.)

Take, therefore, any case of prohibition that it is possible to suppose: it will be found that, when it is least injurious, its whole effect is to change the natural distribution of capital, and to lessen the demand for one species of produce, to the same extent that it increases the demand for another; and that, in by far the greater number of cases, it has the further effect of increasing the price of the prohibited article, and of imposing a heavy burden on the consumers, or the public, without any countervailing advantage to any one. There is no jugglery in commerce—no denying of the fundamental principle that to whatever extent we cease buying from the foreigner, we *must*, to the same extent, cease selling to him. To attempt to promote industry by restricting importation, is to attempt to promote it by bolstering up a business not suited to the country, at the expense of one which is. We leave it to others to determine whether such conduct be more discreditable to our intelligence, or prejudicial to our interests.

(2.) Businesses carried on under a system of free competition cannot differ materially, in different countries, in respect of improvement. Where industry is not fettered by artificial systems, every one is exerting himself to improve his peculiar department, and is on the watch that he may learn and profit by the discoveries and inventions of his neighbours. But the moment that any employment is brought within the pale of custom-house regulations, those who carry it on trust to them, and not to their ingenuity. Believing that they have nothing to fear from foreign competition, they become indifferent to what is going on abroad; so that improvements that would otherwise be eagerly adopted and perfected, are either not introduced at all, or not until they have become antiquated.

'The time has been when it was found quite a sufficient reason for imposing a prohibitory duty upon a foreign article, that it was better than we could make at home; but I trust, when such calls are made upon this House hereafter, our first answer at least will be, let us see what can be done by competition; first try to imitate, and by-and-bye, perhaps, you will surpass your foreign rival. *Prohibitions are, in fact, a premium upon mediocrity:*—they destroy the best incentive to excellence—the best stimulus to invention and improvement. They condemn the community to suffer, both in price and quality, all the evils of monopoly, except in as far as a remedy may be found in the baneful arts of the smuggler. They have also another of the great evils of monopoly—that of exposing the consumer, as well as the dealer, to rapid and inconvenient fluctuations in price.'

In the same admirable speech, from which we have borrowed this striking extract, Mr. Huskisson gives the following example, in illustration of the principle he had advanced:—'Soon after the opening of the trade with France, under

Mr. Pitt's treaty, in 1786, French cloths, of a fine quality, were imported in considerable quantity—they were preferred to our own—no fashionable man was to be seen without a coat of French cloth. What followed? In less than two years the cloth of our own manufactures became equal to that imported from France—the one could not be distinguished from the other; and though coats of French cloth were still the fashion, *the cloth of which they were made was manufactured in this country!* In like manner, we shall now, in all probability import some printed cottons from Alsace and Switzerland, of richer and brighter colours than our own; some fancy muslins from India; some silk stuffs, some porcelain from France, objects for which curiosity or fashion may create a demand in this metropolis; but they will not interfere with those articles of more wide and universal consumption, which our own manufacturers supply cheaper and better, whilst they will excite the ingenuity of our artists and workmen to attempt improvements which may enable them to enter the lists with the foreigner in those very articles in which he has now an acknowledged superiority.'—(*Speeches*, vol ii. p. 344.)

The silk manufacture affords at once the best example of the pernicious effect of monopoly, and of the wholesome, invigorating influence of competition. Notwithstanding the unparalleled improvement in all other departments, it was affirmed, in 1826, by the Member for Coventry (Mr. Ellice), in his place in the House of Commons, 'that there were in that city 9,700 looms, 7,500 of which were in the hands of operative weavers, who applied their manual labour, as well as their machinery, to the manufacture of ribands. These looms were, for the most part, of the *worst possible construction;* and it would scarcely be believed that the improved loom in France would, in a given time, produce five times as much riband as the common loom in England with the same manual labour! He could also state that there existed an improved manufacture in Germany, by which one man could make *forty-eight times as much velvet as could be made in an equal time by an English machine.* What chance was there that the English manufacturer could maintain such a competition?'

Perhaps these statements may be somewhat exaggerated; though there can be no doubt that they are, in the main, well-founded. Surely, however, no one believes that the inferiority of the machinery used by the English manufacturers is to be ascribed to anything except that the protection which they enjoyed made them indifferent to improvements. No one believes that the French or Germans are superior to the English in the construction of machines; on the contrary, their inferiority is admitted by themselves, and by everybody else. But if it had been possible previously to entertain any doubt upon the subject, what has taken place since the opening of the ports to foreign silks under a duty of 30 per cent. would have effectually removed it. We do not exaggerate, we only state the plain matter of fact, when we affirm that the silk manufacture has made a more rapid progress during the last five or six years, or since the abolition of the prohibitive system in 1825, than it did during the preceding century. So unprecedented has been its advance, that 'the once existing disparity in quality between goods of French and English make has, with some very unimportant exceptions, not merely disappeared, but actually ranged itself on the side of the British artisan.'—(*Treatise on the Silk Manufacture, in Lardner's Cyclopædia*, p. 90.)

Most of the machines and processes known on the Continent, have been introduced amongst us, and many of them have been materially improved. Nor, after what has taken place, can the least doubt remain in the mind of any one, that had the same freedom been given to the silk manufacture fifty years ago that was given to it in 1825, it would now have ranked among the most important and valuable businesses in the kingdom, and would have had nothing whatever to fear from the admission of foreign silks free of duty. We know that it is the opinion of the most intelligent persons in the trade, that the existing duty of 30 per cent. on foreign silks ought to be immediately reduced to 20 per cent.; and that it should be further reduced by 1 per cent. per ann., till it be brought to 10 or 12 per cent., at which it might be allowed to continue stationary, not as a protecting duty, but as a duty imposed for the sake of revenue. A measure of this sort, by increasing *fair* competition, would continue the impulse already given to the manufacture, and excite to new efforts of in-

vention. Under such a system, we are well assured that, in a very few years, perhaps not more than five or six, our superiority over France, in most departments of the silk manufacture, would be little less decided than in that of cotton.

'I maintain,' said Mr. Poulett Thomson, in his excellent speech on the state of the silk trade (14th of April, 1829), —a speech equally distinguished for soundness of principle and beauty of illustration,—'I maintain, without fear of contradiction, that the very essence of commercial and manufacturing industry is freedom from legislative interference and legislative protection. Attempt to assist its course by legislative enactments, by fostering care, you arrest its progress, you destroy its vigour. Unbind the shackles in which your unwise tenderness has confined it, permit it to take unrestrained its own course, expose it to the wholesome breezes of competition, you give it new life, you restore its former vigour. Industry has been well likened to the hardy Alpine plant: self-sown on the mountain side, exposed to the inclemency of the seasons, it gathers strength in its struggles for existence, it shoots forth in vigour and in beauty. Transplanted to the rich soil of the parterre, tended by the fostering hand of the gardener, nursed in the artificial atmosphere of the forcing-glass, it grows sickly and enervated, its shoots are vigourless, its flowers inodorous. In one single word lies the soul of industry—competition. The answer of the statesman and the economist to his sovereign inquiring what he could do to assist the industry of his kingdom was, "let it take its own way." Such is my prayer. Relieve us from the chains in which your indiscreet tenderness has shackled us—remove your oppressive protection—give us the fair field we ask, and we demand no more. The talent, the genius, the enterprise, the capital, the industry of this great people will do the rest; and England will not only retain, but she will take a yet more forward place in the race of competition for wealth and improvement, which, by the nature of things, she is destined to run amongst the nations of the world. Place us in that condition, not by any violent change, but by slow and easy transition. Here we shall find security for our enterprise, and reward for our labours—

'Hic patet ingenüs campûs; certusque merenti
Stat favor; ornatur propriis industria donis.'

It was not, however, to be supposed, that all departments of the silk manufacture would be equally benefited by the change of system that has taken place—*Non omnia possumus*. The probability is that the trade will in future be divided between the English and French. In point of substantial excellence, the plain silk goods manufactured in England are superior to those of France; and the difference in favour of the latter in point of *finish* is every day becoming less perceptible; while in all mixed manufactures of silk and wool, silk and cotton, silk and linen, &c., our ascendancy is admitted by the French themselves. On the other hand, the ribands, figured gauzes, and light fancy goods manufactured in France, are superior to those of this country. Even in this department we have made a very great progress; and fancy goods are now produced at Spitalfields, Coventry, and other places, contrasting most advantageously, in point of taste and beauty, with those produced previously to the introduction of the new system. Still, however, we are not sanguine in our expectations of our countrymen being able to maintain a successful competition with our neighbours in the manufacture of this class of articles. The greater attention paid to the art of designing in Lyons, the consequent better taste of the artists, and the superior brightness and lustre of their colours, give them advantages with which it will be very difficult to contend.

But, supposing that the trade is partitioned between the two countries in the way now stated, it is easy to see that the best share will belong to us, and that that share will be incomparably more valuable than the whole manufacture formerly was. The proofs of the accuracy of this statement are at hand. Notwithstanding the distress of the riband-weavers of Coventry and a few other places, the manufacture, taken as a whole, is rapidly increasing. The greatest importation of raw and thrown silk that took place in any one year previously to the repeal of the prohibitory system, was in 1823, when 2,432,286 lbs. were imported. But last year, in despite of all the sinister predictions that have been indulged in with respect to the ruin of the manufacture, the imports of raw and thrown silk amounted to 4,693,517 lbs., being nearly *twice the quantity imported when the monopoly was in its vigour!*

The increase in the exports of wrought silks affords, if possible, a still more decisive proof of the extraordinary improvement and extension of the manufacture. Instead of having anything to fear from the competition of the French at home, we are actually underselling them in the heavier and more important species of goods, in every foreign market equally accessible to both parties. The exports of silks from France have been declining, while those from England have been increasing beyond all precedent. The official value of our exports of silk goods, in 1823, amounted to 140,320*l.*, whereas in 1830, it amounted to 437,880*l.*, being *an advance of more than three hundred per cent.!* Not only therefore are the statements as to the ruin of the silk manufacture proved to be wholly without even the shadow of a foundation, but the anticipations of those who contended that the repeal of the restrictive system would be the commencement of a new era of invention and improvement, have been realized to the utmost extent.

What has now been stated renders it obvious, that though the manufacturers of fancy goods may be obliged to change their employment, a new, and at the same time a more extensive and fruitful field is opened for their exertions. We lament the hardships incident to the transition even from one department of the same business to another, but the suffering thence arising will speedily disappear; and when the change has been effected, the manufacturers will enter with fresh vigour on a new career of prosperity.

It is supposed by many, that the manufacture will ultimately be transferred from Spitalfields to Manchester, Paisley, and other places. We incline to think that this anticipation will be realized, at least to a considerable extent; but if so it will only prove that the places referred to are better adapted for its prosecution than Spitalfields, and consequently that the change is publicly advantageous.

Changes similar to those we have now been considering, are going forward at this moment in other businesses. The pillow-lace manufacturers are in a state of great, and, we are afraid, irremediable distress; but no one pretends to say that it has been occasioned by foreign competition. The Nottingham lace-manufacture, the value of which is now probably not less than *three millions sterling* annually, has grown up amongst us within the course of the last twenty years. This beautiful fabric is produced at so cheap a rate, that it is exported to every part of the world, and is extensively smuggled into France, superseding the laces for which the northern provinces of that kingdom were long so famous. This novel manufacture, which now affords employment for a large amount of capital, and many thousands of workmen, is wholly the result of inventions and improvements in machinery; and the perfection and cheapness of the goods it affords, by narrowing to a great extent the demand for pillow-lace, has gone far to suspend the production of the latter. But how injurious soever this change may be to many poor persons in Bucks, Bedford, and other counties, that derived a part of their subsistence from pillow-lace working, there can be no question that, in a public point of view, the change will be most beneficial. For every individual thrown out of the old business, two or three have been taken into the new, and are placed in a situation in which, while dexterity in manipulation is of equal value as before, the reward of those who have either sagacity or good fortune to discover more compendious processes, is incomparably greater.

The distress, prevalent in some departments of the silk-trade, springs from a similar cause, and will no doubt be followed by similar results. It is to be regretted that it is not possible either to abandon a routine system, or to introduce new and improved methods of production, without injury to individuals. But because such is the fact—because the bridge cannot be built without displacing watermen, nor the plough introduced without superseding the spade, nor wine brought from abroad without, diminishing the demand for ale and beer —is that any reason for proscribing inventions, and denying ourselves gratifications within our reach? To maintain the affirmative, would be evidently absurd,—it would be equivalent to maintaining that the interests of society are best promoted by perpetuating poverty, ignorance, and barbarism! The injury occasioned by the adoption of an improved method of production, or the opening of new markets whence cheaper supplies of any article may be obtained, is temporary only, and affects but a very small portion of the community; while the advantage is permanent, and benefits

every individual, even those who it may, in the first instance, force to resort to other businesses.

Those unacquainted with the history of the silk trade, who may have looked into the pamphlets and speeches of those opposed to the late alterations, will probably be disposed to think that, though more limited in point of numbers, the condition of the workmen engaged in the trade was better previously to 1825, than it has been since. But those who have looked, however cursorily, into the history of the trade, must know that such is not the fact; and that, speaking generally, the situation of those engaged in it has been materially improved since 1825. The fact is, that the silk trade used to be exposed to the most tremendous vicissitudes. In 1793, no fewer than 4000 looms were shut up in Spitalfields only, which, when in full work seven years before, had given employment to 10,000 persons. In 1816, long before a relaxation of the monopoly system had been so much as thought of, the distress in the silk trade was infinitely more severe than it has ever been since the introduction of the new system. In proof of this we may mention that, at a public meeting held for the relief of the Spitalfields' weavers, at the Mansion House, on the 26th of November, 1816, the secretary stated, that *two-thirds* of them were without employment, and without the means of support; 'that some had deserted their houses in despair, unable to endure the sight of their starving families; and many pined under languishing diseases brought on by the want of food and clothing.' And Mr. Fowell Buxton, M.P., stated at the same meeting, that the distress among the silk manufacturers was so intense that '*it partook of the nature of a pestilence*, which spreads its contagion around, and devastates an entire district.' Such was the state of the workmen under that monopoly system that has been the worthless theme of so much recent eulogy. But such, we are glad to say, is not their state at present. The trade being now mostly diverted into those branches in which we have a superiority, is comparatively secure against revulsions; and it would be an absurdity to imagine, that measures that have about doubled the manufacture, should have reduced the rate of wages, or been otherwise than advantageous to the workmen.

(3.) But we have not yet seen the whole mischief of restrictions. When the importation of a foreign commodity is prohibited, or loaded with a heavy duty, it almost invariably happens, unless the commodity be a very bulky one in proportion to its value, that it is smuggled from abroad. If the prohibition of a foreign commodity took away the taste for it, or disposed any one cheerfully to pay double or treble its former price, the prohibition would be less injurious. Unluckily, however, it has no such effect. On the contrary, it would seem as if the desire to obtain prohibited articles acquired new strength from the artificial obstacles opposed to its gratification. And no one doubts that the desire to obtain them at a cheaper rate, becomes more intense according as their price is raised by the imposition of duties. The legal prohibition of foreign silks that existed previously to 1826, did not hinder their importation in immense quantities. The ingenuity of the smuggler was too many for the vigilance of the Custom-house officer—and at the very moment when the most strenuous efforts were made to exclude them, the silks of France and Hindostan were openly displayed in the drawing-rooms of St. James's, and in the House of Commons, in mockery of the impotent legislation prohibiting their introduction. We doubt, indeed, whether the substitution of the *ad valorem* duty of 30 per cent., in place of the old system of prohibition, has been productive of any materially increased importation of foreign silks. 'I have lately,' said Mr. Huskisson, in his famous speech in vindication of his policy as to the silk-trade, 'taken some pains to ascertain the quantity of smuggled silk that has been seized inland throughout the kingdom during the last ten years, and I find that the whole does not exceed 5000*l.* a-year. I have endeavoured, on the other hand, to get an account of the quantity of silk goods actually smuggled into this country. Any estimate of this quantity must be very vague; but I have been given to understand that the value of such goods as are regularly entered at the custom-houses of France for exportation to this country, is from 100,000*l.* to 150,000*l.* a-year; and this, of course, is exclusive of the far greater supply which is poured in throughout all the channels of smuggling, without being subjected to any entry. In fact, to such an extent is this illicit trade carried, that there is scarcely

a haberdasher's shop in the smallest village of the United Kingdom, in which prohibited silks are not sold; and that in the face of day, and to a very considerable extent.

'The Honourable Member for Coventry (Mr. Ellice) has mentioned the silk goods from India as those against which anything but prohibition would prove an unavailing protection. Now, in my opinion, it is scarcely possible to conceive a stronger case than those very silks furnish, against the Honourable Member's own argument. I believe it is universally known, that a large quantity of Bandana handkerchiefs are sold, every year, for exportation, by the East India Company. But does any gentleman suppose that these Bandanas are sent to the Continent for the purpose of remaining there? No such thing! They are sold at the Company's sales to the number of about eight hundred thousand or a million a-year, at about four shillings each. They are immediately shipped off for Hamburgh, Antwerp, Rotterdam, Ostend, or Guernsey, and from thence they nearly all illicitly find their way back to this country.

'Mark, then, the effect of this beautiful system:—these Bandanas, which had previously been sold for exportation, at four shillings, are finally distributed in retail to the people of England, at about eight shillings each; and the result of this prohibition is to levy upon the consumer a tax, and to give those who live by evading your law, a bounty of four shillings upon each handkerchief sold in this country!'—(*Speeches*, Vol. II., p. 510.)

Indeed, one of the principal objections to the present duty of 30 per cent. on foreign silks, is, that it is high enough to enable a considerable smuggling trade to be still carried on,—the facility for smuggling being increased by means of the legalised importation. A duty of 12 or 15 per cent. would not, however, be so high as to balance the risks run in smuggling, and would, therefore, really afford the manufacturer a more efficient protection than he derives from the existing duty; at the same time, that it would place all classes of dealers on the same footing; whereas, the advantage is, at present, on *the side of those who engage in fraudulent schemes*.

But the duties of 600 or 700 per cent. on tobacco, and of 400 or 500 per cent. on foreign brandy and Geneva, are the grand incentives to smuggling. Have these exorbitant duties taken away the taste for the articles on which they are imposed? No such thing. Their only effect has been to convert a trade that would otherwise have been productive of the most advantageous results, into a most prolific source of crime and demoralization. The temptation to smuggle, occasioned by the oppressiveness of the duties, is too overpowering to be counteracted by the utmost threatenings of the law. The coast-guard, and the preventive water-guard, the expense of which is little, if anything, under 500,000*l.* a-year, are kept up for no other purpose than to hinder the importation of foreign tobacco, brandy, and Geneva. But though they were doubled, they would be ineffectual for their object. At this moment it is believed that a third of all the tobacco consumed in Ireland is supplied by the illicit trader. And on the coasts of Kent and Sussex, the districts in England most favourably situated for smuggling, almost the whole body of labourers are, every now and then, withdrawn from their accustomed employments, to engage in this destructive practice. It is hardly possible to exaggerate the mischievous consequences of this state of things. It has rendered smuggling, though probably the most direct road to the gallows, a favourite occupation; and procured for the smuggler, even when soiled with the blood of some revenue officer, the public sympathy and support. Thousands of individuals, who, but for this moral contamination, would have been industrious and virtuous, have become predatory and ferocious; they have been taught to despise the law, and to regard its functionaries as enemies, whom it is meritorious to assault.

It has been said, that this 'abominable system'—for so it is properly characterised by Mr. Huskisson (Speeches, vol. ii. p. 343)—is upheld for the sake of revenue; but this is false: it has been shown, again and again, that the revenue would be greatly increased by reducing the duties to a third or a fourth part of their present amount. Admitting, however, that fiscal rapacity and ignorance may claim the credit of having imposed a duty of 700 per cent. on tobacco, the still more objectionable duties on brandy and Geneva were originally imposed, and are still kept up, as mercantile regulations, as a means of compelling the consump-

tion of a few thousand extra gallons of beer, porter, and British spirits; and to compass *this* end, we scruple not to subject our commerce with foreign countries to ruinous restrictions; to demoralize our population; to fill our courts with perjury and chicanery, and to render our coasts the scene of sanguinary contests! We admit the effect of interest in perverting the judgment even of the most conscientious persons; but we doubt whether any one, however largely engaged in the distillery, or in the beer and porter manufacture, was ever so far blinded by selfish feelings as to have no misgivings in contending that duties productive of such effects are publicly advantageous.

(4.) In addition to their other injurious effects, restrictions render the businesses carried on under their protection peculiarly liable to gluts and revulsions. Steadiness of price is always proportioned to the extent of the field whence supplies may be derived, and in which they may be disposed of. A manufacture not suited to the country, and depending on a prohibition for its existence, is necessarily limited by the extent of the home market. When the demands of the domestic consumer are satisfied, it has reached the utmost limits to which it can attain; for it would be idle to think of entering the foreign market in competition with those who carry on their business under more favourable circumstances. But when, in such a case, a change of fashion, or any other cause, occasions a decline in the demand for an article, there being no means of disposing of the surplus abroad, its price is unnaturally depressed, and the producers become involved in bankruptcy and ruin; whereas, had the article been produced under a free system, a falling off in the home demand would have been of trifling consequence, inasmuch as the surplus might have been sold, at a comparatively small reduction of price, in other countries.

It is of importance to observe, that the same results are sure to follow, though not so immediately, from an increase of the demand for any article produced under a monopoly, as from its diminution. A statement of this sort may seem, to those not conversant with such subjects, to be contradictory; but such is not the case. The inevitable effect of an increase of demand, even in the most extensive businesses, is to attract so much capital to them as not only to furnish an adequate supply of the article in unusual demand, at the old prices, but to glut the market, and sink prices below their ordinary level. And the more limited the market, the sooner, of course, is this reaction brought about.

The history of the corn trade, since the restrictive system was fully applied to it in 1815, furnishes convincing proofs of the truth of what has now been stated. We have had the most extraordinary alternation of periods of high and low prices; the one being the invariable forerunner of the other! And it is easy to see that it could not be otherwise. The restriction on importation, by raising our average prices decidedly above the level of those of the Continent, renders exportation, in an abundant year, all but impossible; so that prices, in such seasons, sink below the cost of production. But this fall cannot continue; for, the distress thence arising, by depressing the agriculturists and lessening the quantity of land in tillage, again leads to high prices; which, in their turn, lead to a renewed extension of cultivation, and a renewed fall the moment the harvest happens to be unusually luxuriant! Hence, in its application to agriculture, the prohibitive system is productive at one moment of scarcity, and at another of a glut; it hinders alike the supply of a deficiency, and the removal of a surplus; and has actually had power to render the bounty of Providence an injury to the farmer!

(5.) The pressure of taxation has often been alleged as an excuse for restrictions on commerce; but, though more plausible, perhaps, it is not more valid than the rest. Taxation may be heavy, and even oppressive; but so long as it is fairly assessed, it equally affects all branches of industry, and consequently affords no ground whatever for the enactment of regulations intended to protect a single business. If, however, any particular article were more heavily taxed than others, a duty corresponding to the *excess* of duty falling upon such article ought to be imposed on its importation from abroad, not as a measure of protection, but of justice; for otherwise, those engaged in its production would not be placed in the same situation as others, and would have good ground for complaining of unfair treatment—of their being disabled, by the

peculiarly heavy taxes laid on them, from withstanding the competition of foreigners. So long, however, as taxation is impartial, as it presses with the same intensity on every class, all are placed in the same condition in respect of burdens, and none has any better right than another to complain of foreign competition. And it is surely unnecessary to say, that to propose to protect *all* businesses would be absurd. When a protection is granted to one class, they gain, for a while at least, a trifling advantage, at the expense of those whose produce was sent abroad to pay the foreign articles excluded by the protection. But universal protection would be neither more nor less than universal injury. Without being of the slightest advantage to any one, it would have the same mischievous influence on every department of industry that a particular restriction has on a single business. It would secure the home producers a monopoly of the home market; and would, consequently, in a great measure, put an end to that competition and emulation which are the grand sources of improvement. And if the protection were extended to businesses that *might* be carried on at home, as well as to those that are actually carried on, it would entirely extinguish foreign commerce, and throw us back into that state of poverty and barbarism from which we have only escaped by its powerful aid.

The same is true of comparatively high wages as of comparatively high taxes. They fall equally on the undertakers of all sorts of businesses. They do not bear more heavily on the manufacturers of silk and linen than on those of cloth and hardware; and if the former are to be protected because wages are high, the same protection must be granted to the latter, and not to them only, but to every other class, so that commerce would be wholly proscribed.

The fallacy of the plea set up for restrictions, on the ground now mentioned, may be set in a different point of view. It is said, that unless they were imposed, foreigners, having the advantage of low taxes and low wages, would gain an ascendancy in our markets, and glut them with products. But such statements carry with them their own refutation. We must never forget that commerce is nothing but an exchange of commodities; and that it is not possible to import either a great or a small quantity of foreign produce, without making an equivalent exportation of some species of home produce. The foreigner *must* buy from us to the same extent that we buy from him. And although, under a free system, some businesses might suffer, a proportional extension would be given to others that are more advantageous, and the capital and industry of the country would be turned into the channels in which they would be at once most secure and most productive. But suppose that, owing to high wages, high taxes, or any other cause, our products become higher priced than those of the foreigner, no regulations would then be required to shut the latter out of our markets. They will not, we may depend upon it, continue to be sent to us after we have become unable to pay them—that is, to furnish the foreigners with equivalent articles on more advantageous terms than they can supply themselves elsewhere. It is nugatory, therefore, to talk about protecting our manufacturers, agriculturists, &c., on the ground of their being disabled, by the heaviness of their burdens, from entering into competition with foreigners. Were such really their situation, they would enjoy, what Custom-house regulations can never afford, an absolute monopoly of the home market! Foreigners will never be found in countries where they can procure nothing cheaper than at home. They resort to those only where they are able to sell with advantage, or, in other words, where they find that abundance of commodities, suitable for their markets, may be had at comparatively *low* prices.

We have argued this point as if the assumption, that our taxes and wages are such as to lay our manufacturers under a relative disadvantage, were really well founded; and we have shown that it would, notwithstanding, be absurd to attempt to advance their interests by prohibitory enactments. We, however, are very far, indeed, from believing that the supposed disadvantage really exists. 'I know,' said Mr. Huskisson, 'it may be objected, that a great change has taken place in the situation of the British manufactures since the French treaty of 1786,—that we have been engaged in a long and expensive war, and that we have now to support the weight of a great many new and heavy taxes. I admit that such is the case: other countries, however, have

not been exempted from the calamities of war; their taxes, too, have been increased; their burdens made to press more heavily. What is still more mischievous, in most of those countries, their commercial and manufacturing establishments have felt more directly the ravages and interruption of war; many of them have been violently swept away, whilst the capitals which they had called forth, if not confiscated, have been impaired or diminished by the exactions of military power. In this country no such calamity has been experienced. The trading capital of England remains entire; even during the war, it continued constantly increasing; and in respect to the comparative cheapness of labour in foreign countries, although by no means an immaterial part of the present consideration, it is not alone sufficient, as experience has shown, to make the balance preponderate in their favour. Since the invention of the steam-engine, coupled with the application of so many other discoveries, both in mechanical and chemical science, to all the arts of life, the mere estimate of manual labour is lost sight of, in comparison with that of the creative powers of mind. It is the union of those powers, and the great capitals which call them into action, which distinguishes British industry, and has placed it in the commanding situation which it now holds in the world. To these advantages are joined that energy and continuity of enterprize, that perseverance and steadiness of exertion, which, even by our rivals, are admitted to belong to the English character. It is upon these qualities, and these advantages, much more than upon any system of bounties and protecting duties, that I rely with confidence for the maintenance and improvement of the station which we now occupy among the trading communities of the world.'—(*Speeches*, Vol. II., p. 346.)

But we doubt whether, in point of fact, we, as a commercial people, labour under any disadvantage arising out of comparatively heavy taxes or high wages. As respects the former, it is the practice, whenever a commodity is about to be exported, to allow the exporter a drawback equivalent to the various duties that have been paid upon it; so that however these may affect the consumers at home, they have no influence on its price when exported. Wages, if estimated by the day, are perhaps higher in Great Britain than in most European countries; but this is no test of their real comparative magnitude. The question is not, whether wages estimated by the day, the week, or the month, be higher in Manchester or Rouen, but whether a *given quantity of work* costs more in the former than in the latter; for, it is plain that greater skill, dexterity, or perseverance on the part of workmen may more than balance a considerable apparent excess of wages. And such we are assured, by the highest practical authorities, is really the fact; and that when wages are estimated not by time, but by the quantity of work done, they are *decidedly lower* in England than in any continental state.

But it is useless to enlarge on what is so obvious. Every one knows that there is not so much as the shadow of a foundation for the statement that our manufacturers have anything to fear from foreign competition. How, if such were the case, do we contrive to export and sell with advantage British produce of the value of no less than *thirty-six* or *forty* millions? It is really too much, when our manufactures are in demand everywhere from China to Peru, to attempt to vindicate a ruinous and oppressive system of policy, on pretence of protecting them against foreign competition!

(6.) However much the apologists of restrictive regulations may be inclined to dispute the policy of purchasing commodities in the cheapest markets, they have not presumed to question the advantage of selling those we have to dispose of in the dearest markets. They would, however, do well to recollect, that it is not possible to sell in the latter without buying in the former. An article sells at a high price when a comparatively large supply of something else is got in exchange for it, and conversely. Suppose that by sending a certain quantity of cottons or hardware to Brazil, we get in return 150 hogsheads of sugar, and that the same quantity of cottons and hardware, if sent to Jamaica, would only exchange for 100 hogsheads, is it not obvious that by preventing the importation of the former, we force our goods to be sold for *two-thirds* of the price they would otherwise have brought? It might as well be contended, that things that are equal to the same thing are *unequal*, as that a system productive of such results is a means of increasing public wealth.

It would be useless to dwell at any greater length on this part of our subject. Restrictions intended to promote domestic industry have, in *all* cases, a directly opposite effect. They change the natural distribution of capital; force it into less profitable channels, encourage smuggling, and increase hazard. There is hardly, in fact, an evil incident to commercial speculation, of which they are not productive. The mischief too which they occasion is pure and unalloyed with a single countervailing advantage. They are as impotent to protect as to promote. Were they carried to their full extent—to the extent to which they ought to be carried were they really bottomed on sound principles—they would extinguish commerce and the arts, and reduce mankind to primæval barbarism.

II.—We think the foregoing conclusions must carry conviction to the mind of every unprejudiced reader; but as the subject is so very important, we shall, at the risk of being deemed tedious, endeavour to strengthen them still further by showing what have been the effects, on a large scale, of the practical working of the protective system. In France it has been carried to an extent, and enforced with a steadiness of purpose, not often paralleled; and we defy any one to show that it has had a single beneficial result. It has, no doubt, bolstered up a few branches of industry, for the prosecution of which France has no natural advantage, and in which she must always be inferior to others; but it has at the same time done the most serious injury to all the great sources of her wealth, to all those great branches of industry in which she has no equal. It has deprived her of all her peculiar advantages, and has given her nothing in return that she had not better be without.

France is not only extremely well situated for carrying on an extensive intercourse with foreign countries, but she is largely supplied with several productions which, were her commerce unfettered, would meet with a ready and advantageous sale abroad, and enable her to furnish equivalents for the largest amount of imports. The superiority enjoyed by Amboyna in the production of cloves is not more decided than that enjoyed by France in the production of wine. Her claret, burgundy, champagne, and brandy, are unrivalled, and furnish of themselves the materials of a vast commerce. Indeed the production of wine is, next to the ordinary business of agriculture, by far the most extensive and valuable branch of industry in France. It is estimated by the landholders and merchants of the Gironde, in the admirable *Pétition et Mémoire à l'Appui* presented by them to the Chamber of Deputies in 1828, that the quantity of wine annually produced in France, amounts, at an average, to about forty millions of hectolitres, or 1060 millions of gallons; that its value is not less than from 800 to 1000 millions of francs, or from thirty-two to forty millions sterling; and that upwards of three millions of individuals are employed in its production. In some of the southern districts it is of paramount importance. The population of the Gironde, exclusive of Bordeaux, amounts to 432,839 individuals, of whom no fewer than 226,000 are supposed to be directly engaged in the cultivation of the vine.

Here then is a branch of industry in which France has no competitor, which even now affords employment for about a tenth part of her population, and which is susceptible of indefinite extension. The value of the wines, brandies, vinegars, &c., exported from France at an average of the three years ending with 1790, amounted to about fifty-one millions of francs, or upwards of *two* millions sterling. The annual exports of wine from Bordeaux only exceeded 100,000 tuns; and as the supply of wine might be increased to almost any amount, France has, in this single article the means of carrying on the most extensive and lucrative commerce. 'Le gouvernement Français,' says M. Chaptal, in his work *Sur l'Industrie Française*, 'doit les plus grands encouragemens à la culture des vignes, soit qu'il considère ses produits relativement à la consommation intérieure, soit qu'il les envisage sous le rapport de notre commerce avec l'étranger, *dont il est en effet la base essentielle*.'

But instead of labouring to extend this great branch of industry, government has consented to sacrifice it to the interest of a few individuals engaged in businesses which cannot be prosecuted except at a heavy loss. During the ascendancy of Napoleon, or rather during the period of the continental system, France being thrown, as it were, upon her own resources, was obliged directly to produce several articles she had pre-

viously been in the habit of importing from abroad. Among others may be specified iron and sugar. Owing to the want of good coal mines, and improved means of communication, France can never expect to produce iron at the same rate at which it may be produced in England or Sweden; but being obliged, during the annihilation of her foreign trade by the anti-commercial policy of Napoleon to produce it at whatever cost, the iron trade was greatly extended, and many new furnaces were opened. The same was the case with the manufacture of beet-root sugar. Under ordinary circumstances it would not have been attempted; but during the continental system, when colonial sugar was selling at Paris for about *ten* times its ordinary price, many beet-root establishments were formed. As soon, however, as peace had been restored, and the ancient channels of commerce with France were re-opened, it was obvious that those businesses that had either grown up, or been unnaturally extended during the suppression of all intercourse with foreigners, would be swept off. In such a case, perhaps, government would have been warranted in making, not a compensation, but a *donation* to the sufferers. But the ministers of the restored dynasty did not view the new establishments in this light. They did not consider them as exotics that had grown up in hot-beds and under glasses, and had no real root in the soil, but as indigenous plants which, with a little more forcing, might be rendered healthy and luxuriant. They, therefore, determined, at all hazards, to avert the destruction of the businesses in question; and, in attempting to do this, carried the anti-commercial system to an extent Napoleon had never dreamed of. To bolster up the beet-growers and iron-founders, they did not scruple to sacrifice the interest of the wine and brandy growers, and the silk-manufacturers — policy about as wise as if the British government were to seek to advance the interests of the copper-plate engravers by the ruin of the woollen or cotton trade. We do not, indeed, suppose that the ministers of Louis believed that this would be the effect of their measures. Theirs is only one instance among thousands that might be specified to prove that ignorance in a minister is hardly less injurious than bad intentions. They seem to have supposed that impossibilities might be reconciled, and that foreign markets might be opened for the reception of the products of France, though the ports of France were shut against the importation of commodities from the foreigner. Government seems never to have made the reflection, apparently not a very recondite one, that notwithstanding the bounty of nature, wine was not gratuitously produced in France, and could not therefore be exported but for an equivalent. But those whose interests were at stake did not fail to apprise them of the hollowness of their system. In 1814 and 1822, when cottons and woollens were excluded, and enormous additions made to the duties on foreign iron, sugar, linens, and most other products, the merchants of Bordeaux, Nantes, Marseilles, and other great commercial cities, and the wine-growers of the Gironde, and some other departments, presented petitions to the Chambers, in which they truly stated, that it was a contradiction and an absurdity to attempt selling to the foreigner without, at the same time, buying from him; and expressed their conviction that the prohibitions and duties in question would be fatal to the commerce of France, and ruinous to the wine-growers and silk-manufacturers. These representations did not, however, meet with a very courteous reception. They were stigmatised as the work of ignorant and interested persons. The Chambers approved the policy of ministers, or, which is the same thing, they decided that the public interests would be best promoted by securing a trifling advantage to 80,000 or 100,000 persons, though, in doing so, they might have foreseen, and were forewarned, that they could not fail of deeply injuring *three or four millions!* The event has shown that the anticipations of the merchants were but too well founded. There is a discrepancy in the accounts laid before the late *Commission d'Enquête* by the French government, and those given in the abovementioned *Pétition et Mémoire à l'Appui* from the Gironde. According to the tables printed by the *Commission* the export of wine from France is, at this moment, almost exactly the same as in 1789. It is, however, plain, that, had there not been some powerful counteracting cause in operation, the export of wine ought to have been very greatly augmented. The United States, Russia, England, Prussia, and all those

countries which have at all times been the great importers of French wines, have made prodigious advances in wealth and population since 1789; and had the commerce with them not been subjected to injurious restrictions, there is every reason to think that their imports of French wine would have been much greater now than at a former period.

But the truth is, the accounts laid before the *Commission* are entitled to extremely little credit. In so far as respects the exports of wine from Bordeaux, which has always been the great market for this species of produce, the statements in the *Mémoire à l'Appui* are taken from the Custom-house returns. Their accuracy may, therefore, be depended upon; and they show an extraordinary falling off. Previously to the Revolution, the exports amounted to 100,000 tuns a year (*Peuchet, Statistique Elémentaire*, p. 138); but since 1820 they have only been as follows:—

1820	61,110 tuns.
1821	63,244
1822	39,955
1823	51,529
1824	39,625
1825	46,314
1826	48,464
1827	54,492

It is also stated that a large proportion of these exports has been made on speculation; and that the markets of Russia, the Netherlands, Hamburgh, &c. are glutted with French wines, for which there is no demand. 'Dans ce moment,' (25th April, 1828,) it is said in the *Mémoire*, 'il existe en consignation à Hambourg, 12,000 à 15,000 barriques de vin pour compte des propriétaires du département de la Gironde, qui seront trop heureux s'ils ne perdent que leur capital.'

This extraordinary decline in the foreign demand has been accompanied by a corresponding glut of the home market, a heavy fall of prices, and the ruin of a great number of merchants and agriculturists. It is estimated that there were, in April, 1828, no fewer than 600,000 tuns of wine in the Gironde, for which no outlet could be found; and the glut in the other departments is said to have been proportionally great. The fall in the price of wine has re-acted upon the vineyards, most of which have become quite unsaleable, and a total stop has been put to every sort of improvement. Nor have matters been the least amended during the current year; on the contrary, they seem to be gradually getting worse. Such is the poverty of the proprietors, that wine is now frequently seized and sold by the revenue officers in payment of arrears of taxes; and it appears, from some late statements in the *Mémorial Bordelais* (a newspaper published at Bordeaux), that the wine so sold, has not recently fetched more, at an average, than two thirds of the cost of its production!

Such are the effects that the restrictive system of policy has had on the wine trade of France—on a branch of industry which, we have already seen, employs *three millions* of people. It is satisfactory, however, to observe that the land-owners and merchants are fully aware of the source of the misery in which they have been involved. They know that they are not suffering from hostile or vindictive measures on the part of foreigners, but from the blind and senseless policy of their own government; that they are victims of an attempt to counteract the most obvious principles—to make France produce articles directly at home, which she might obtain from the foreigner in exchange for wine, brandy, &c., at a third or a fourth part of the expense they now cost. *They cannot export, because they are not allowed to import.* Hence, they do not ask for bounties and prohibitions; on the contrary, they disclaim all such quack nostrums, and demand what can alone be useful to them—a free commercial system.

'Considéré en lui-même,' say the land-owners and merchants of the Gironde, 'le systême prohibitif est *la plus déplorable des erreurs*. La nature dans sa variété infinie, a départi à chaque contrée ses attributs particuliers; elle a imprimé sur chaque sol sa véritable destination, et c'est par la diversité des produits et des besoins qu'elle a voulu unir les hommes par un lien universel et opérer entre eux ces rapprochemens qui ont produit le commerce et la civilisation.

'Quelle est la base du systême prohibitif? Une véritable chimère, qui consiste à essayer de vendre à l'étranger sans acheter de lui.

'Quelle est donc la conséquence la plus immédiate du systême prohibitif, ou, en d'autres termes, du monopole? C'est que le pays qui est placé sous son empire ne peut vendre ses produits à l'étranger,

Le voilá donc refoulé dans lui-même ; et à l'impossibilité de vendre ce qu'il à de trop vient se joindre la nécessité de payer plus cher ce qui lui manque.

' Notre industrie ne demandoit, pour fructifier, ni la faveur d'un monopole, ni cette foule d'artifices et de secours dont bien d'autres ont imposé le fardeau au pays. Une sage liberté commerciale, une économie politique fondée sur la nature, en rapport avec sa civilisation, en harmonie avec tous les intérêts véritables ; telle étoit son seul besoin. Livrée à son essor naturel, elle se seroit étendue d'elle-même sur la France de 1814, comme sur celle de 1789 ; elle auroit formé la plus riche branche de son agriculture ; elle auroit fait circuler et dans son sol natal, et dans tout le sol du royaume, une sève de vie et de richesse ; elle auroit encore attiré sur nos plages le commerce du monde ; et la France, au lieu de s'ériger avec effort en pays manufacturier, auroit reconquis par la force des choses une supériorité incontestable comme pays agricole.

' Le système contraire a prévalu.

' La ruine d'un des plus importans départemens de la France ; la détresse des départemens circonvoisins ; le dépérissement général du midi ; une immense population attaquée dans ses moyens d'existence ; une capital énorme compromis ; la perspective de ne pouvoir prélever l'impot sur notre sol appauvri et depouillé ; une préjudice immense pour tous les départements dont nous sommes tributaires ; une décroissement rapide dans celles de nos consommations qui profitent au Nord ; la stagnation générale du commerce, avec tous les désastres qu'elle entraîne, toutes les pertes qu'elle produit, et tous les domages ou matériels, ou politiques, ou moraux qui en sont l'inévitable suite ; enfin l'anéantissement de plus en plus irréparable de tous nos anciens rapports commerciaux ; les autres s'enrichissant de nos pertes et développant leur système commerciale sur les debris du notre ;

' Tels sont les fruits amers du système dont nous avous été les principales victimes.'

Such is the well-authenticated account laid before the Chamber of Deputies, by 12,563 land-owners and merchants of Gironde, of the *practical* operation and real effect of that very system of policy which, extraordinary as it may seem, has been held up for imitation to the Parliament of England !

The effect of this system upon the silk trade of France, the most important branch of her *manufacturing* industry, and one in which she had long the superiority, is similar, and hardly less destructive. Her prohibitions have forced others to manufacture for themselves, so that the foreign demand for silks is rapidly diminishing. It is stated, in *Observations Adressées à la Commission d'Enquête*, by the delegate of the Chamber of Commerce of Lyons, that the silk manufacture is in the worst possible state. ' Ce qui doit surtout exciter,' he observes ' la solicitude du gouvernment et le décider à entrer dans nos vues, c'est *l'état déplorable, alarmant de la fabrique de Lyon :* les quatre annees de 1824 à 1827, offrent, sur les quatres années précédentes un déficit qui excéde 150 mille kilog. : pour les seules expéditions d'Allemagne l'année 1828 et l'année courante 1829 nous donnent une progression décroissante plus effrayante encore.'—(p. 11.) It is further stated, in a report by the manufacturers of Lyons, that there were 26,000 looms employed in that city in 1824, while at present (1830) there are not more than 15,000. The competition of Switzerland and England has been chiefly instrumental in producing these effects. At Zurich, where there were only 3,000 looms employed in 1815, there were last year more than 5,000 ; and at Eberfeld, where there were none in 1815, there are now above 1,100. Switzerland is said to have in all, upwards of 10,000 looms employed at this moment in the manufacture of plain broad silks.

Besides the injury done to the wine trade of France by her anti-commercial system, it has been much injured by the *octrois*, and other duties laid on wine when used for home consumption. These, however, have been modified since the accession of Louis Philippe ; and it is reasonable to suppose, that the facts now disclosed, as to the ruinous operation of this system, the example of the more liberal policy that has been recently shewn by England, in the repeal of the odious discriminating duties on French wines, and the more general diffusion of correct ideas with respect to the real sources of wealth, will, at no distant period, cause the adoption of such changes in the commercial legislation of France, as may render it more conducive to her interest, and more in accordance with the spirit of the age. If we were hostile to France, we should wish her to continue the present system ; but we

disclaim being actuated by any such feelings. We are truly anxious for her prosperity, for her sake and our own; for every thing that contributes to her prosperity, must, in some degree, redound to the advantage of her neighbours. Whatever France, or any country, may hope to gain by commerce, must be combined with, and in proportion to, the beneficial effects that flow from it to those who, by their wants or superfluities, their productions, natural or artificial, have either to give or to receive from her. The advantages of commerce cannot be monopolized; and those who cultivate it with the greatest success, are the greatest benefactors of mankind.

The operation of the prohibitive system in America has been similar. Notwithstanding the unprecedented progress of the United States in wealth and population, their foreign trade has been nearly stationary for the last ten years! And yet, considering the spirit of commercial enterprize by which the people, particularly in the New England States and New York, are animated, and their skill in navigation, it might have been fairly presumed that the growth of their foreign trade would at least have kept pace with the development of the internal resources of the country. That it has not done so, is wholly owing to the policy of Government. Not satisfied with the extraordinary advances their constituents had made in numbers and wealth, congress seems to have believed that their career might be accelerated by means of custom-house regulations!—by giving an artificial direction to a portion of the public capital and industry, and turning it into channels into which it would not naturally flow.

No one who has the slightest acquaintance with the condition of America,—who knows that she is possessed of boundless tracts of fertile and unappropriated land,—that her population is comparatively thin, and wages high,—can doubt that agriculture *must*, for a long series of years, be the most profitable species of employment in which her citizens can engage. There can be no question, indeed, that such branches of manufacture as are naturally adapted to her peculiar situation, will gradually grow up and flourish in America, without any artificial encouragement, according as her population becomes denser, and the advantage which now exists on the side of agriculture becomes less decided. But to force, by means of duties and prohibitions, the premature growth of manufactures, is plainly to force a portion of the industry and capital of the country into businesses in which it will be *least* productive.

Such, however, has been the policy of the American legislature. The exploded sophisms of the mercantile system, though renounced by every statesman in Europe, have acquired a noxious influence in congress, and been put forth with as much confidence as if their soundness neither had been, nor could be questioned. From 1816 downwards, the object of the American legislature has been to bolster up a manufacturing interest, by imposing oppressive duties on most manufactured articles imported from abroad. Now, it is obvious, even were the articles produced in America through the agency of this plan as cheap as those they have superseded, that nothing would be gained by it; for to whatever extent the importation of foreign articles may be diminished, there must be a corresponding diminution in the exportation of native American products; so that the only result would be the raising up of one species of industry at the expense of another species, entitled to an equality of protection. But the 'American system' has not been so innocuous. Instead of the goods manufactured in the States being as cheap as similar ones manufactured in Europe, they are admitted to be, at an average, from 30 to 100 per cent. dearer! The extent of the pecuniary sacrifice that is thus imposed on the Union, has been variously estimated by American writers; but we have been assured, by those who have the best means of knowing, that it may be moderately estimated at from 50,000,000 to 60,000,000 dollars, or from about 11,000.000*l.* to 13,000,000*l.*! And this immense burden,—a burden nearly *three* times as great as the whole public expenditure of the republic, is incurred for no purpose of public utility, and is productive of nothing but mischief. The whole effect of the scheme is to divert a certain amount of the national capital from the production of cotton, wheat, rice, tobacco, &c. (the equivalents sent to foreigners in payment of manufactured goods), to the direct production of these goods themselves! And as the latter species of industry is nowise suitable for America, a tax of 13,000,000*l.* is imposed on the Union,

that the manufacturers may continue a losing business. We shall not undertake to decide whether the absurdity of this system, or its costliness, be its most prominent feature.

But the pecuniary sacrifice arising out of a policy of this sort, is really the least part of the injury it occasions. Besides forcing a large portion of the national capital and industry into comparatively barren channels, it has raised up so many conflicting pretensions, and led to such a disunion of interests, as threatens to be, in no common degree, injurious to the public tranquillity, and may even seriously endanger the stability of the Union. That its influence has not been more injurious, is solely owing to the smuggling it has occasioned. With a frontier like that of America, and a half or more of the population hostile to the tariff, it would be worse than absurd to suppose that it could be carried into full effect. But it has enough of influence to render it in the last degree prejudicial —to occasion a great rise in the price of many important articles—to cripple the trade and navigation of the country—and to throw a considerable part of it into the hands of foreigners and outlaws, who carry it on in defiance of the law.

We entertain too favourable an opinion of the Americans, to suppose that such a system can be permanent. It has been established in opposition to the wishes of all but a majority of Congress, is exceedingly unpopular in the southern States, and generally throughout the Union, and has been repeatedly condemned by committees of the legislature. In an able report by a committee of the House of Representatives, dated 8th of February, 1830, it is said,—'We had before us the prospect of a long and general peace, and our policy should have been regulated accordingly. Our revenue laws should have been restored gradually, but decisively, to their condition previously to the war. Our policy unfortunately took another direction. The tariff of 1816 laid the foundation of all our subsequent errors, and we have now been engaged for fifteen years in an unprofitable experiment, to effect what embargo, non-importation, non-intercourse, and war, failed to accomplish. We have attempted, by the mere force of congressional decrees, to resist the natural and salutary tendency of our industry to commercial and agricultural pursuits. We have been steadily sacrificing the commerce, navigation, and capital of New England, merely to bring forward new competitors in manufacturing, to embarrass our old and skilful artisans, and to ruin ourselves. We have, from session to session, kept trade in such agitation and uncertainty, that the value of property could never be ascertained till the adjournment of Congress, and this we have called encouraging and protecting our industry! We have wasted millions of our ancient profits of commerce in a visionary experiment to increase our national wealth. In a legislative attempt to make ourselves more completely independent of other nations, we have effectually undermined the foundation of that naval power which can alone protect our country from foreign aggression.'

There is no exaggeration in this statement, and we shall not do the Americans the injustice of supposing that they will blindly continue to uphold a system of policy founded on the most erroneous principles, and productive only of such pernicious results. The concluding paragraph in the Report now referred to, deserves to be quoted:—

'The wise and benevolent plans of Mr. Pitt and Mr. Jefferson, in Europe and America, were frustrated by the wars which succeeded the French Revolution, and put an end to all commercial reform. The restrictions of war naturally superseded the friendly reciprocity of peace. But now that peace is restored among nations, your Committee propose to renew, in a form modified to suit the present state of our investments and laws, the same liberal commercial policy which was recommended by such illustrious authority before the European wars. The honour of effecting this revolution in the commerce of the world is peculiarly the office of a country enjoying, in all other respects, the largest share of civil and religious freedom. It will be a proud honour for our Republic to enlarge the intercourse and diffuse its liberal principles among nations; to moderate stubborn jealousies by hospitable associations, to increase the comforts and double the resources of knowledge; and to spread the light of knowledge and civilization in every quarter of the globe. We are bound by every consideration at least to make the experiment. The liberal character of our institutions, the federal form of our government, the immeasurable extent of our country, the vast surplus and variety of its productions, the imperative

necessity of renovating our navigation, and of enlarging our commercial marine, the preservation of the harmony of our union, the improvement of the condition of mankind, nay, every consideration, pleads in favour of a policy so essential to perfect that plan of liberal government which is the proud ornament and substantial blessing of the present age of the world.'

III.—*Operation and Influence of Restrictions originating in Political Motives.*—Restrictions on the commercial intercourse between different nations have not always originated in mistaken notions with respect to the precious metals, nor in a desire to advance the interests of the home producer. A considerable number owe their existence to more patriotic, though, as they seem to us, equally mistaken views—to the wish to render ourselves independent of foreign supplies, to avenge the prohibitions of foreign states by retaliatory proceedings, and to provide for our security by encouraging such businesses as may contribute to the national defence, though they should be less profitable than others.

(1.) There is something very seductive in the idea of independence; and it is not surprising that a system of policy which promises to place a country in this enviable situation, should have many votaries. But independence rests on far other foundations than the miserable machinery of custom-house regulations. We should not call an individual who had his shoes, coats, hats, &c., manufactured in his own house, more independent than an individual possessed of equal fortune who bought them of the shoemaker, the tailor, the hatter, &c. Independence does not depend exclusively on the power of being able directly to supply our own wants by the produce of our own labour; but it depends indifferently either on the power to do this, or on the power to furnish an equivalent for the various necessaries and conveniencies we may wish to obtain; and it is admitted on all hands that those who apply themselves to a particular calling or occupation, will enjoy a greater command over the necessaries and conveniencies of life, through the intervention of an exchange with others, or, in other words, will be more independent than if they directly produced all the articles for which they have a demand. The same is the case with nations. We import cotton from America, timber from the north of Europe, and claret from France; but the fact of our doing this shows that we send commodities to those countries on which they set a higher value. We are not, therefore, in any respect more dependent on them than they are on us; and if we understand by independence the power to supply our wants without being under an obligation to any other people, we are completely independent. The commercial intercourse we carry on with foreigners, like that which we carry on with each other, is bottomed on the principle of mutual convenience: we give and receive equivalents; we supply reciprocal wants, and confer reciprocal benefits.

To wish to be wholly unconnected with foreigners, and at the same time to continue as rich and prosperous as ever, is to wish what is contradictory and absurd. It is equivalent to wishing that we had the soil and climate of China to produce tea, those of France to produce wine, and those of America to produce cotton. These, and thousands of equally useful and desirable products, can only be obtained through an exchange with the foreigner. We may no doubt become independent even of this exchange; but if we do, we must submit to be independent of that wealth and power to which commerce has raised us. The individual who prefers swimming across the river, is, of course, independent of the bridges, in the same way that the nation who should prefer poverty and barbarism to wealth and refinement would be independent of foreign commerce. But this is the independence of the savage. To be truly independent, in the enlarged, and, if we may so speak, civic sense of the term, that is to have the greatest possible command of the necessaries and conveniencies of life, a nation must avail itself of the productive energies of every other people, and deal with all the world on fair and liberal principles.

Nations, like individuals, are very apt to be influenced by feelings of animosity. Having experienced the injury arising from the prohibitory enactment of some foreign power, we naturally endeavour, in the irritation of the moment, to retaliate by a similar prohibition directed against some branch of its commerce. We seldom take time to reflect upon the probable influence of this prohibition upon ourselves; but enact it in the

belief that, however it may affect us, it will, at any rate, inflict a much more serious injury on those against whom it is directed.

The history of commerce is full of instances of this sort. By the famous French Tariff of 1664, very high duties were imposed on a great number of foreign manufactured articles. The Dutch, whose commerce was seriously affected by these duties, endeavoured to prevail on M. Colbert, then minister of France, to reduce them in their favour; and, on his refusal, they prohibited the introduction of the wines, brandies, and manufactures of France into the territories of the republic. The war of 1672 was mainly occasioned by this dispute; and after six years of hostilities, and the expenditure of vast quantities of blood and treasure, the French consented to moderate their tariff in favour of the Dutch, and the Dutch took off their prohibition. In 1699 the English government prohibited the importation of bone-lace manufactured in Flanders, and the government of that country instantly retaliated by prohibiting the importation of English woollens. In a few years afterwards, both parties found it to be for their advantage to replace the trade on its former footing. The commerce between this country and France has been completely sacrificed to this jealous and vindictive spirit. Louis XIV. having espoused the cause of the exiled family of Stuart, the British government, in the irritation of the moment, and without reflecting that the blow aimed at the French would infallibly recoil upon themselves, imposed, in 1693, a discriminating duty of 8*l.* a tun on French wine, and in 1697 increased it to 33*l.* Unhappily the provisions in the Methuen treaty gave permanence to this impolitic system, which the French were not slow to retaliate. Custom-house regulations were used by both parties as a species of warlike engines: a prohibition on the one side was instantly met by a counter prohibition on the other, until the commerce between the two countries—a commerce which, had it not been violently interfered with, would have afforded a profitable field for the employment of millions upon millions of capital, and thousands upon thousands of individuals—has been almost wholly suppressed. In other quarters, too, the effects of this vindictive spirit have been, and are exceedingly powerful; and the high duties laid on many articles of British manufacture by the late American and Russian Tariffs are avowedly intended to serve as a retaliation for the high duties we have imposed on corn, timber, tallow, and other articles, the product of America and Russia.

At the same time, however, it must be admitted that a retaliatory prohibition may not always be inexpedient. If there be apparently good grounds for thinking that a prohibition will so distress those against whom it is levelled, as to induce them to withdraw or materially modify the prohibition or high duty, it is intended to avenge, it may be good policy to enact it. The recovery of an extensive foreign trade, or the permanent relief of commerce from a vexatious restraint, might more than balance the additional inconvenience to which every nation must in the mean time infallibly expose itself, when it enacts one prohibition or restriction in retaliation of another. But unless there be reasonable grounds for concluding that, by retaliating, the repeal or modification of the original prohibition will be procured, it would be most impolitic to embark in any such hostile course. If the prohibition acted only upon others, it would be different; but as the benefits of commerce are reciprocal,—as we neither sell nor buy, except to promote our own interest, when we prohibit this intercourse we necessarily injure ourselves, probably too to a much greater extent than we injure others. It is clear, therefore, that to enact or maintain a prohibition when there is no prospect of its occasioning the repeal or modification of that enacted by the foreigner, is a proceeding directly at variance with every sound principle. A regard to his own advantage will always dictate to every dispassionate individual the policy of purchasing his goods in the cheapest and best market, and why should the conduct of states be different? The French government has been unwise enough to prevent the introduction of English cottons and hardware into France, and has, consequently, forced its subjects to misemploy a large amount of capital, and to purchase inferior articles at a higher price than they would have obtained them for had they been allowed to buy them from us. But surely it is unnecessary to say that this is a line of conduct that ought to be *carefully avoided*, not followed. A foreign go-

vernment does an injury to its subjects by making them pay an artificially enhanced price for their cottons and hardware; but is that any reason for the government of England doing the same? —for its compelling us to pay an artificially enhanced price for corn, wine, and brandy? To act in this way is not really to retaliate on the French, but on ourselves! It is erecting the blind and ferocious impulses of revenge into maxims of state policy. Our business is not to inquire where our neighbours buy the produce they consume, but to buy that for which we have a demand wherever it can be obtained for the lowest price. Foreigners will hardly refuse to *sell*, and as there can be no selling without an *equal buying*—no *exportation* without an equal *importation*,—by acting on a liberal system ourselves, we shall not only reap a very great immediate advantage, but shall most probably lead others to abandon their restrictions.

The late equalization of the duties on French and other wines may, we hope, be looked upon as the commencement of a new era in the commerce between this country and France. Every one who contrasts the two kingdoms—who compares their peculiar products and capacities of production—must be satisfied that nothing but the removal of oppressive duties and restrictions is necessary to the growth of the most extensive and mutually beneficial intercourse between them. We, therefore, most sincerely rejoice in the prospect that is now afforded of an end being put to that miserable system, which has so long deprived two great nations of the inestimable advantages each might derive from dealing with the other on a liberal footing. The British government, we feel assured, will not rest satisfied with what it has done to bring about so desirable a result; but will follow up the abolition of the discriminating duty on French wine, by the effectual reduction of the exorbitant duties on brandy, fruits, verdigris, linen, and other articles of French produce. A regard to our own interest requires that we should do this. This, fortunately, is a case in which we may gain, while it is not possible we can lose anything by doing what is right. If the French will not deal with us, that is, if they will not admit our hardware, cottons, and other products into their markets, the loss will be theirs, not ours; they will render it impossible for us to buy from them, and they will be guilty of the extraordinary folly of *voluntarily* excluding themselves from the markets of the richest country in the world! But we anticipate no such result. It would be a libel on the people and government of France to suppose that they should not perceive the absurdity of such conduct, or that they should be insensible to the advantages to be derived from meeting the liberal conduct of this government in a corresponding spirit. Hitherto they have met with nothing but disappointment and bankruptcy from their efforts to give effect to the prohibitive system; and such is the only harvest it will ever yield either to them or any other people. They have now the opportunity of escaping from it with *honour* as well as advantage.—Surely they will not throw it away.

With respect to restrictions imposed for the sake of national security, or the annoyance of some hostile power, we may observe, speaking generally, that their influence has been very much exaggerated. If a single nation had the absolute monopoly of any article that was necessary either to its own defence, or to the defence or well-being of others, it might, by prohibiting the exportation of such article, provide at once for its own security, and at the same time inflict a serious injury on its enemies. But it is doubtful whether there be any such commodity in existence. We, for example, are not masters of a single product, the prohibition of the exportation of which would not be far more injurious to ourselves than to any one else. And of all the commodities that we import, there is not one, with perhaps the single exception of tea, which, supposing its exportation were restricted by any foreign power in one quarter of the globe, we might not obtain from some other power, either in the same or some other quarter. The prohibition of the export of tea by the Chinese might oblige us to import a larger quantity of coffee; the prohibition of the export of cotton by the North Americans would make us increase our imports of the same article from Brazil, the Levant, and the East Indies; and the prohibition of the export of corn from one country, supposing we might freely import that article, would merely occasion an increased importation from other places. The commercial commonwealth is now of too vast an extent, and the political

views and biases of its rulers too various and discordant, to admit of any thing like concert or combination ever obtaining amongst them. If the usual channels of commercial intercourse be choked or obstructed on one side, it will force a passage for itself in some other quarter. The products of art and industry are too widely diffused to be materially affected by the monopoly or hostility of any single state. Though one country should not deal with us, there is no cause for alarm; some other will certainly be less scrupulous, and will be glad to have the opportunity of supplying us with whatever we want. Nothing, therefore, can be a greater error than to imagine that, in the present state of the world, the security of any particular country, or her means of defence or aggression, can be materially increased by prohibitory regulations. The nature of the warlike implements made use of, and of the contests carried on in modern times, have occasioned an expense that can be defrayed only by the outlay of vast sums. There is no longer any doubt of the proposition that money is the sinews of war. That the wealthiest nation is *cæteris paribus*, decidedly the most powerful. Those who possess wealth in sufficient quantities, will never want for 'man and steel, the soldier and his sword;' they have a talisman by which they may cover the land with armies and the ocean with fleets, and against whose powerful influence the purest patriotism and the most unflinching courage will with difficulty struggle. But when such is the case, when it is universally admitted that wealth is the main source of power and influence, and when it admits of demonstration, that a free and extended commerce is the most prolific source of wealth, what can be more contradictory than to attempt to increase the defence or security of a country by enacting measures that must necessarily restrict and fetter its commerce? The possession of wealth is the best security; and as the freedom of commerce is, of all others, the most efficacious means of increasing wealth, it follows that those who are exerting themselves to give every facility to commerce, are at the same time exerting themselves in the most effectual manner to add to the power and independence of the country; and it also follows that the apologists and defenders of restrictions and prohibitions are, though probably without knowing it, labouring to sap the foundations of our power, and to cast us down from our high place amongst the nations of the earth.'

The navigation-laws have been more generally approved than any of the other regulations imposed for the sake of security. The object of these laws was not only to prohibit foreign vessels from engaging in the coasting trade, but to hinder all importations from foreign countries, except in British ships, or in the ships of the country or place whence the goods were exported. This provision was levelled against the Dutch, who had but little native produce to export; but who, by superior economy and skill, had notwithstanding succeeded in engrossing a large share of the carrying trade of Europe. 'When,' says Dr. Smith, 'the act of navigation was made, though England and Holland were not actually at war, the most violent animosity subsisted between the two nations. It had begun during the government of the long parliament, which first framed this act, and it broke out soon after in the Dutch wars, during that of the Protector and of Charles II. It is not impossible, therefore, that some of the regulations of this famous act may have proceeded from national animosity. They are as wise, however, as if they had all been dictated by the most deliberate wisdom. National animosity, at that particular time, aimed at the very same object which the most deliberate wisdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the security of England. The act of navigation *is not favourable to foreign commerce, or to the growth of that opulence which can arise from it.* The interest of a nation in its commercial relations to foreign nations is, like that of a merchant with regard to the different people with whom he deals, to buy as cheap and sell as dear as possible. But the act of navigation, by diminishing the number of sellers, must necessarily diminish that of buyers; and we are thus likely not only to buy foreign goods dearer, but to sell our own cheaper, than if there was a more perfect freedom of trade. As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wisest of all the commercial regulations of England.'—(Vol. ii., p. 293.)

It may, however, be very fairly

doubted whether, in point of fact, the navigation-law had the effects here ascribed to it, of weakening the naval power of the Dutch, and increasing that of this kingdom. The Dutch were very powerful at sea for a long period after the passing of this act; and it seems natural to conclude that the decline of their maritime preponderance was owing rather to the gradual increase of commerce and navigation in other countries, and to the disasters and burdens occasioned by the ruinous contests the republic had to sustain with Cromwell, Charles II., and Louis XIV., than to the mere exclusion of their merchant vessels from the ports of England. It is not meant to say that this exclusion was altogether without effect. The efforts of the Dutch to procure a repeal of the English navigation-law, show that, in their apprehension, it operated injuriously on their commerce*. It is certain, however, that its influence in this respect has been greatly overrated in this country. *Excessive taxation*, and not our navigation-law, was the principal cause of the fall of profits, and the decline of manufactures, commerce, and navigation in Holland. 'Les guerres,' says the well-informed author of the *Commerce de la Hollande*, 'terminées par les traités de Nimègue, de Ryswick, d'Utrecht, et enfin la dernière par le traité d'Aix-la-Chapelle, ont successivement obligé la République de faire usage d'un grand crédit, et de faire des emprunts énormes pour en soutenir les frais. Les dettes ont surchargé l'état d'une somme immense d'intérêts qui ne pouvoient être payés que par *une augmentation excessive d'impôts* dont il a fallu faire porter la plus forte partie par les consommations dans un pays qui n'a qu'un territoire extrêmement borné, et par conséquent par l'industrie. Il a donc fallu faire enchérir infiniment la main-dœuvre. Cette cherté de la main-d'œuvre a non seulement restreint presque toute sorte de fabrique et d'industrie à la consommation intérieure, mais elle a encore porté un coup bien sensible au commerce de fret, partie accessoire et la plus précieuse du commerce d'économie; car cette cherté a rendu la construction plus chère, et augmenté le prix de tous les ouvrages des ports et des magasins. Il n'étoit pas possible que l'augmentation de prix de la main-d'œuvre ne donnât, malgré tous les efforts de l'économie Hollandoise, un avantage sensible aux autres nations qui voudroient se livrer au commerce d'économie et à celui de fret.'—(Tome ii., p. 211.)

This extract, which might, were it necessary, be corroborated by others to the same effect from all the best Dutch authors, shows that the decline of the commerce and maritime power of Holland is not to be ascribed to our navigation-law, or the restrictive regulations of other powers, but to the abuse of the funding system, and the excess of taxation. Neither does it appear that the opinion of Dr. Smith and others, that the navigation-law contributed powerfully to augment the naval power of this country, rests on any better foundation. The taste of the nation for naval enterprise had been awakened; the navy had become exceedingly formidable, and Blake had achieved his victories before the enactment of this famous law. So far, indeed, is it from being certain that the navigation act had, in this respect, the effect commonly ascribed to it, that there are good grounds for thinking that its influence was really opposite, and that it operated rather to diminish than to increase our mercantile navy. It is stated in Roger Coke's *Treatise on Trade*, published in 1671, that this act, by lessening the resort of strangers to our ports, had an injurious effect on our commerce; and he further states, that we had lost, within two years of the passing of the act of 1650, the greater part of the Baltic and Greenland trades, (p. 48.) Sir Josiah Child, whose treatise was published in 1696, corroborates Coke's statement; for while he decidedly approves of the navigation-law, he admits that the English shipping employed in the Eastland and Baltic trades had decreased at least *two-thirds* since its enactment, and that the foreign shipping employed in these trades had proportionally increased.—(Child's *Treatise on Trade*, p. 89.—*Glasgow Edition.*)

Exclusively of these contemporary authorities, Sir Mathew Decker, an extensive and extremely well-informed merchant, condemns the whole principle of the navigation act, and contends that, instead of increasing our shipping and seamen, it had diminished them both; and that, by rendering the freight of ships higher than it would otherwise have been, it had entailed a heavy burden on

* In the Treaty of Breda, agreed upon in 1667, between the States-General and Charles II., the latter undertook to procure the repeal of the navigation-law; but the subject was never agitated in either House of Parliament.

the public, and been one of the main causes that had prevented our carrying on the fishery so successfully as the Dutch.—(*Essay on the Causes of the Decline of Foreign Trade*, p. 60, *edit.* 1756.)

It would, perhaps, be going too far to say that we owe the American war to the navigation-laws; but we believe the attempts to enforce their provisions upon the colonists, contributed quite as much as the attempts to subject them to taxation, to accelerate that contest. There is a paragraph on this subject in one of Mr. Huskisson's speeches, which merits the attention of those who would form a fair estimate of the real influence of the navigation-laws:—

'If the proceedings of the government of this country, after the peace of 1763, be closely examined, we shall find that many of the causes which, ten years afterwards, led to the unfortunate rupture with our then colonies, now the United States of America, may be traced to our unreasonable attempts to enforce, in their most rigid and exclusive application, our colonial and navigation system. Every complaint, every petition, every remonstrance, against the oppressive tendency and vexatious consequences of that system, on part of the inhabitants of New England,—every temperate effort made by them to obtain some slight relaxation of the trammels that shackled their disposition to engage in commercial enterprize, were only met, on the part of the British Government, by a constant succession of new laws, enforcing still more restrictive regulations, framed in a spirit of still more vexatious interference. One instance of the character of that legislation will be sufficient; and I give it as a slight specimen of the commercial jealousy which prevailed in our councils in reference both to the colonies and to Ireland.

'A ship from our American possessions, laden with their produce, was stranded on the coast of Ireland. It will naturally be supposed, that the cargo was landed, and the ship repaired, in that country. No such thing. The law compelled the owners to send another English ship from England, for the purpose of bringing away the cargo,—a cargo which, not improbably, might then be wanted in the Irish market, and which was, perhaps, destined to be ultimately consumed there, after having been transshipped in a port of that country, landed in an English port, and again reshipped to Ireland.

'This is a sample of the real grievances under which our American colonies laboured. Such a state of law could not fail to engender great dissatisfaction and much heartburning. It is generally believed, that the attempt to tax our American colonies, without their consent, was the sole cause of their separation from the mother-country. But if the whole history of the period between the year 1763, and the year 1773, be attentively examined, it will, I think, be abundantly evident, that, however the attempt at taxation may have contributed somewhat to hasten the explosion, the train had been long laid, in the severe and exasperating efforts of this country to enforce, with inopportune and increasing rigour, the strictest and most annoying regulations of our colonial and navigation code. Every petty adventure in which the colonists embarked, was viewed by the merchants of this country, and the Board of Trade of that day, as an encroachment on the commercial monopoly of Great Britain. The professional subtlety of lawyers, and the practical ingenuity of custom-house officers, were constantly at work in ministering to the jealous but mistaken views of our sea-ports. Blind to the consequences elsewhere, they persevered in their attempts to put down the spirit of commercial enterprise in the people of New England, until these attempts roused a very different spirit,—that spirit which ventured to look for political independence from the issue of a successful rebellion.

'The result is well known. The country found itself engaged in a civil war. That war, in its progress, involved us in the greatest difficulty and embarrassment. It was terminated by submitting to humiliations such as, I trust to God, the Crown of Great Britain will never again be exposed to.'—(*Speeches*, Vol. III. p. 8.)

These statements cannot be questioned; and they are, at all events, sufficient to show that the assertions of those who contend that the navigation-laws had a prodigious effect in increasing the number of our ships and sailors, and in augmenting the power of the country, must be received with considerable distrust. But suppose that all that has been said by the apologists of these laws were true to the letter;—suppose it were conceded that, when first framed, the act of navigation was politic and proper, that would afford but a very slender presumption in favour of the policy of

supporting it in the present day. Human institutions are not made for immortality. They must be accommodated to the varying circumstances and exigences of society. But the situation of Great Britain, and most other countries, has totally changed since 1650. The envied wealth and commercial greatness of Holland have passed away. We have no longer anything to fear from her hostility; and 'he must be indeed strangely influenced by antiquated prejudices and bygone apprehensions, who can entertain any of that jealousy from which the severity of this law originated.' London has become what Amsterdam formerly was, the grand emporium of the commercial world—*universi orbis terrarum emporium:* and the real question which now presents itself for consideration is, not what are the best means by which we may rise to naval greatness, but what are the best means of preserving that undisputed pre-eminence in maritime affairs to which we have attained?

Now it does not really seem that there can be much difficulty in deciding this question. Navigation and naval power are the children, not the parents—the effect, not the cause—of commerce. If the latter be increased, the increase of the former will follow as a matter of course. More ships and more sailors become necessary, according as the commerce between different and distant countries is extended. A country situated like Great Britain in the reign of Charles II., when her shipping was comparatively limited, might perhaps be warranted in endeavouring to increase its amount, by excluding foreign ships from her harbours. But it is almost superfluous to add, that it is not by such regulations, but solely by the aid of a flourishing and widely-extended commerce, that the immense mercantile navy we have now accumulated can be supported.

But it is extremely easy to show that to have continued to enforce the provisions of the old navigation-law in the present state of the world, would have been amongst the most efficient means that could have been devised for the destruction of our commerce. The wealth and power to which Great Britain has attained, has inspired other nations with those feelings of envy, jealousy, and hatred that the wealth of Holland formerly generated in our minds. Instead of ascribing our commercial and manufacturing superiority to its true causes—to the comparative liberality of our institutions, the absence of all oppressive feudal privileges, the security of property, the fairness of our system of taxation, and the freedom of internal industry, our foreign rivals contend that it has been entirely owing to our exclusive system; and appeal to our example to stimulate their respective governments to adopt retaliatory measures, and to protect them against British competition. These representations have already had the most injurious operation. Nor can there be a doubt that, had we continued to maintain our illiberal and exclusive system, and refused to set a better example to others, we should have run a very great risk of falling a victim to the vindictive spirit which such short-sighted and selfish policy would have generated.

Besides the regulations already alluded to, it had been a part of our policy to encourage the employment of our shipping by imposing higher duties on commodities imported into our harbours in foreign vessels, and to burden the latter with higher port and lighthouse duties. This practice was always loudly complained of by foreigners; but we had little difficulty in maintaining it, so long as the state of our trade enabled us to disregard the retaliatory measures of other powers. But the extraordinary increase that has taken place, since the commencement of the late war, in our manufactures for foreign consumption, and the necessity under which we have in consequence been placed, of conciliating our customers abroad, have led to the adoption of what has been called the *reciprocity system.* This system was first introduced into the trade with the United States. After the North Americans had succeeded in establishing their independence, they set about framing a code of navigation laws on the model of those of this country. Among other regulations of a restrictive character, it was enacted, that all foreign vessels trading to the United States should pay half a dollar, which was afterwards raised to a dollar, per ton duty, beyond what was paid by American ships; and further, that goods imported in foreign bottoms should pay a duty of 10 per cent. over and above what was paid on the same description of goods imported in American bottoms.

This law was avowedly directed against the navigation of Great Britain, though, as it was founded on the same principles

as our navigation-laws, from which the States had formerly suffered so much, we could not openly complain of its operation. Under these circumstances, it would have been sound policy to have at once proposed an accommodation; and instead of attempting to meet retaliation by retaliation, to have offered to modify our navigation-law, in so far as American shipping was concerned, on the Americans making reciprocal modifications in our favour:—a different course was, however, followed. Various devices were resorted to for counteracting the navigation system of the Americans, without in any degree relaxing our own; but they all failed of their object; and at length it became obvious that we had engaged in an unequal struggle, and that the real effect of our policy was to give a bounty on the importation of the goods of other countries into the United States, to the exclusion of our own goods and ships. In consequence, a conviction of the necessity of making concessions began to gain ground; and it was ultimately fixed, by the commercial treaty negotiated with the United States in 1815, that *equal charges* should be imposed on ships of either country in the ports of the other, and that *equal duties* should be paid upon all articles, the produce of the one country, imported into the other, whether such importation was effected in British or American ships.

The principle of reciprocity having been conceded in the case of the United States, whose commercial marine is second only to that of Great Britain, it was not possible to avoid acting on the same principle, in the case of such European countries as might choose to admit our ships into their ports on a footing of equality. By the fourth section of the Act 6th Geo. 4. cap. iii. it is enacted, that his Majesty may, by an order in council, admit the ships of foreign states into our ports, on payment of the like duties that are charged on British vessels, provided that British vessels are admitted into the ports of such foreign states, on payment of the like duties that are charged on their vessels. The first demand of this sort was made, on the part of the Prussian government, which issued an order in council on the 20th of June, 1822, making large additions to the port-dues charged on all ships belonging to those nations which did not admit Prussian ships on a footing of reciprocity. The real object of this order was to injure the navigation of this country; and it was speedily found that it had the desired effect, and that its operation on British shipping was most pernicious.

Under these circumstances, the British merchants and ship-owners immediately applied to our government for relief. 'We were assailed,' says Mr. Huskisson, 'with representations from all quarters connected with the shipping and trade of the country, against the heavy charges imposed upon British ships in the ports of Prussia. In such circumstances, what course did his Majesty's government take? I had a conference with the Prussian minister at this court, and I well recollect the substance of his reply to me: "You have," he said, "set us the example by your port and light charges, and your discriminating duties on Prussian ships, and we have not gone beyond the limits of your example. Hitherto we have confined the increase of our port and tonnage charges to ships only; *but it is the intention of my government next year*, (and of this he showed me the written proof,) *to imitate you still more closely, by imposing discriminating duties on the goods imported in your ships.* Our object is a just protection to our own navigation; and so long as the measure of our protection does not exceed that which is afforded in your ports to British ships, we cannot see with what reason you can complain."

'Against such a reply, what remonstrance could we, in fairness, make to the Prussian government? We might have addressed ourselves, it may be said by some, to the friendly feelings of that government;—we might have pleaded long usage in support of our discriminating duties;—we might have urged the advantages which Prussia derived from her trade with England. Appeals like these were not forgotten in the discussion; but they were of little avail against the fact, that "the Prussian ship-owners were all going to ruin."

'By others, it may be said, your duty was to retaliate, by increasing your own port charges and discriminating duties, on Prussian shipping. I have already stated my reasons against the policy of this latter course. We were not prepared to begin a system of commercial hostility which, if followed up on both sides, could only tend to reciprocal prohibition. In this state of things, more

prudently as I contend, we entered upon an amicable negotiation with the Prussian government upon the principle of our treaty with the United States,—that is, of abolishing on both sides, all discriminating duties on the ships and goods of the respective countries in the ports of the other.

'Having concluded an arrangement with Prussia upon this basis, we soon found it necessary to do the same with some of the other northern states. Similar conventions were accordingly entered into with Denmark and Sweden—reciprocity is the foundation of all those conventions; but it is only fair to add, that they contain other stipulations for giving facility to trade, and from which the commerce of this country, I am confident, will, in the result, derive considerable advantage.'—(*Speech, May 12th 1828, on the State of the Shipping Interest.*)

This statement shows conclusively that the establishment of the reciprocity system with Prussia, Sweden, &c., as to which so violent a clamour was raised, was not a measure of choice, but of necessity. We could not afford to hazard the exclusion of our manufactures from a country into which they are annually imported to the extent of *several millions*. So long as the Prussians, Swedes, Danes, &c., chose to submit to our system of discriminating duties, without retaliating, it was no business of ours to tell them that that system was illiberal and oppressive. But when they found this out without our telling them, and when they declared that unless we modified our restrictions, they would retaliate on our commerce, and either entirely exclude our commodities from their markets, or load those that were imported in British ships with prohibitory duties, should we have been justified in refusing to come to an accommodation? Were we to sacrifice the substance to the shadow? To turn away some of our best customers, because they chose to stipulate that the intercourse between them and us should be conducted either in their ships or in ours, as the merchants might think best? Our government had only a choice of difficulties; and they wisely preferred a system which has preserved free access for the English manufacturer to the markets of Prussia, and to the English ship-owners an equal chance with the Prussian, of being employed in the traffic between the two countries, to a system that would eventually, and at no distant period, have put an end to that mutually beneficial intercourse, which it had already subjected to serious difficulties.

It is said, indeed, by the shipowners and others opposed to the late alterations, that the Prussians and other northern nations build, man, and victual ships, cheaper than we can do; and that the ultimate effect of the reciprocity system will consequently be to give them a decided superiority in the trade. But admitting this statement to be true, still, for the reasons already given, it is pretty evident that the policy we have pursued was, under the circumstances of the case, the best. If we had not consented to the establishment of the reciprocity system, we must have submitted to be entirely excluded from the markets of the United States, Prussia, &c. In grasping at what was beyond our reach, we should thus have lost what we were already in possession of. We should not only have injured our shipowners by getting them forcibly excluded from the ports of many great commercial states, but we should have done an irreparable injury to our manufacturers,—a class which, without undervaluing the shipowners, is, in point of wealth and numbers, of at least twenty times more importance than they. Although, therefore, no doubt could be entertained with respect to the statements as to the comparative cheapness of foreign shipping, that would be no good objection to the measures recently adopted. But there are good grounds for thinking that these statements either are wholly without foundation, or are, at all events, very much exaggerated. In comparing the cost of British and foreign shipping, it is usual to estimate it by the tonnage, but this is a very false criterion; for while foreign ships are accurately measured, our ships are measured so that a vessel of 150 tons register generally carries 220 tons of a mixed cargo; and a vessel registered at 400 tons seldom carries less than 600 tons. In fact, such is the extreme inaccuracy of our mode of measuring, that we are informed by Sir John Hall, the very intelligent secretary of the St. Catherine's Dock Company, that he has known a ship put into dock for the purpose of being raised upon so as to increase her stowage, measure less after she had acquired the capacity of carrying 100 tons additional, than she did before going into

dock! Sir John Hall further states, that in estimating the expense of English, Dutch, French, and most foreign ships together by the ton, we ought to deduct nearly a half from the first, in order to get the true comparative cost of each.—(*Hall, on the Warehousing System and Navigation Laws*, p. 31.)

There is in the Report already referred to, of the Committee of the House of Representatives of the United States, a detailed statement of the duties levied here and in America on the materials consumed in building and rigging a ship of 500 tons' burden, which shows that those charged in the United States exceed by 1665 dollars those charged in this country; and no one doubts that the wages of American are as high as those of British seamen.—(*Report, &c. Appen.*, p. 47, American ed.)

It is generally believed that ships built in the ports of the Baltic will not last the time, nor bear the wear and tear of British ships. It is certain, too, that Prussian ships are more heavily masted and rigged, and require larger crews than ours; and the rate of insurance here is much cheaper. The difference in the cost of provisions must be immaterial; for in all distant ports our ships procure provisions and stores of all sorts at the same rate as the foreigner. On the whole, therefore, it would appear that the alarm with respect to the supposed decay of our shipping is altogether imaginary. We believe that, generally speaking, British ships are sailed cheaper than those of any other nation; and while the late modifications in the navigation laws were imperiously required by a just regard to our manufacturing and commercial interests, there are no grounds whatever for believing that they will be injurious to our shipping.

If, however, there be any real ground for believing that ships in the north of Europe may be built cheaper than in England, the remedy is not to be sought for in a revival of the prohibitive system. Whatever advantage the Prussian and Danish shipowners at present enjoy as compared with ours, is not owing to their peculiar skill or sagacity, but to our unexampled folly: to our loading the superior timber of the north of Europe with a discriminating duty of 45*s.* a load, in order to force the consumption of the dearer and comparatively worthless timber of Canada! We speak advisedly, and from the best attainable information, when we express our conviction that a reduction of the duties on Baltic timber to the level of those charged on timber from Canada, would secure for us a new and important branch of industry,—the building of ships for exportation.

Restrictions on the Trade in Machinery.

1*st. Importation of Machinery.*—A considerable diversity of opinion exists as to the policy of imposing restrictions on the trade in tools and machines. Few, indeed, doubt the propriety of abolishing all restrictions on their importation. The possession of improved instruments of production is of the utmost importance. To exclude those that are most powerful, because they happen to be made abroad, is in effect to refuse to avail ourselves of the superior means of manufacturing enjoyed by foreigners! If the tools and machines constructed at home be superior to those made abroad, the prohibition of the latter is obviously useless; and if they be not superior, it is injurious. The emulation inspired by foreign competition is the most effectual means of securing excellence in all departments; and there is none in which it is of such vital importance as in the manufacture of machines. Inferiority in almost any other branch of industry is of comparatively little consequence, and may be accompanied with great excellence in many. But those who employ inferior machines can hardly fail of being below their neighbours in *all* departments; for there is hardly one that is not materially dependent on the nature of the instruments made use of by those engaged in it.

The justice of these principles seems now to be pretty generally acknowledged. And by way of encouraging the early introduction of new inventions and methods of production from foreign countries, it is usual to make them, for a longer or shorter period, the exclusive property of those by whom they are introduced. In England, the patents granted to the introducers of new inventions from foreign countries, are for fourteen years, being as long a period as they would be entitled to were they the original inventors. It is stated in defence of this rule, that the object in granting a patent is to encourage the bringing forth of new inventions and discoveries that may be useful to the

public; and that whether the invention has been arrived at by study, or discovered by travel, is of no moment. But this is a very inaccurate representation. In the granting of rewards for any invention or discovery, respect must not be had to its utility merely, but also to the difficulties that have been overcome in making it. It will hardly, however, be contended, that there can, in the great majority of cases, be the same difficulty, or, consequently, the same merit in introducing a new machine, or a new method of performing any piece of work already in use in a foreign country, that there is in originating new discoveries. In point of fact, it may be doubted whether any exclusive privilege ought to be given to those who introduce foreign inventions. If they be of very considerable value, there can be little doubt that they will be introduced without any artificial encouragement: and admitting such to be the case, it certainly appears that the inconvenience resulting from the exclusion of the public from the use of a valuable discovery for a lengthened period, must very much overbalance any advantage that can fairly be supposed to result from its being introduced a few weeks, or perhaps days, earlier than it would otherwise be. One great motive for granting a patent to an original inventor, is to prevent the discovery from being lost, by inducing him to make it public; but in the case of the introducer of a foreign discovery, this motive can have no influence. The invention is no longer capable of being lost; it is already before the public, and may be copied and practised by every one beyond the limits of the privilege enjoyed by the inventor. Hence, whatever encouragement may be given to the importers of foreign inventions, it seems altogether inexpedient that it should be so great as that which is given to original inventors. If their patents were limited to three, or at most four years, they would probably be longer than they ought to be.

But any encouragement given to the introduction of new machines into Great Britain by the law of patents or otherwise, is far more than counterbalanced by the duties on timber. These are decidedly the most objectionable of any in our tariff. If, indeed, there be any one article more than another with which it is of primary importance that a commercial and manufacturing country like England should be abundantly supplied at the cheapest rate, that article is timber. It is indispensable to the construction of ships and houses, and of most descriptions of machinery. And yet this essential article is subjected to oppressive duties, and to still more oppressive preferences. No finance-minister, however rapacious and ignorant, ever ventured to impose heavy duties on ploughs, waggons, ships, &c., when ready for sale: but whether we tax an article when made, or tax the materials of which it is made, is exceedingly immaterial. The result is, in both cases, the same; or if there be any difference, it were better, perhaps, that the duty should be laid on the finished article. It would be no adequate apology for such a duty to say that it was imposed for the sake of revenue. It is absurd, indeed, to imagine, that revenue can be increased by taxing the instruments of production. But even this excuse, worthless as it is, cannot be alleged in extenuation of the existing duties on timber. They were imposed principally in the view of forcing the consumption of the inferior and dearer timber of Canada. And to accomplish this end—an end which has been shown to be injurious to Canada—a direct pecuniary loss of about 1,500,000*l.* a-year is entailed on Great Britain; our trade with the countries round the Baltic is impaired; and we are constrained to construct our ships, houses, and machines of materials that are at once high-priced and less durable!

2. *Exportation of Machinery.*—The question as to the policy of allowing the free exportation of machinery is not so easily solved as the question as to its importation. Nations are not only justified in availing themselves of every fair means of outstripping their neighbours in the career of improvement, but are bound to make use of them. If any single country happened to possess superior machinery, which it was in a condition to withhold from others, we should certainly think that its rulers displayed more of generosity than of good sense, were they to concede to others the free use of what might be made to redound so much to their peculiar advantage. Those who advocate the principles of free trade do so, not because there is any magic in the words, or because freedom abstractly considered is preferable to restraint, but because, upon examining the practical influence

and operation of the two systems, the absence of restrictions is found, in the vast majority of instances, to contribute to the public advantage. Hence in all cases the presumption is against those who defend restrictions; but, at the same time, we admit that this presumption is not conclusive, and that the policy to be pursued in any given case should depend upon the investigation of all the circumstances connected with it. In our view of the matter, the question which a legislature proposing to restrict the exportation of superior machinery has to consider is merely this,—Will the proposed restriction be effectual to prevent the foreigner from obtaining possession of the prohibited machines? If, upon a review of the whole circumstances of the case, this question may be satisfactorily answered in the affirmative, we should be the last to propose throwing the trade open. But it is hardly possible to suppose that a case should ever occur in which such a conclusion may be safely come to. Specifications of all our patents, and plans, and descriptions of every sort of machinery in use at Manchester, Glasgow, and Birmingham may be found in every considerable town on the Continent. Nor is this all: the laws against the emigration of artisans, having been found to be at once oppressive and impossible to execute, were repealed in 1825. Now, we would beg to ask, whether anything can be more preposterously absurd than to interdict the exportation of machines, and yet to allow the free egress of the workmen by whom they are made? This is not to deprive the foreigner of improved machines, but to make him manufacture them for himself: it is tempting our best artisans to emigrate, and depriving ourselves of an advantageous branch of business of which we might, in a great measure, enjoy a monopoly. The machine manufactures, carried on by English workmen, so common in France, Prussia, and other continental states, owe their existence to our legislation. Experience, therefore, shows that this case forms no exception to the common rule: and sound policy would seem to dictate that the restriction on exportation should be repealed, and such moderate duties imposed in its stead as might yield a revenue without materially checking exportation. A regulation of this sort would be far more advantageous to our manufacturers than the present system.

Conclusion of Observations on Restrictions—Petition of Merchants of London for a Free Trade.

It has sufficiently appeared from the previous review, that whether we consider restrictions on commerce with reference to their influence on the trade in the precious metals, or the progress of industry at home, or on national security and independence, they are alike objectionable. Their effects are in every instance such as ought to be deprecated. Their tendency is to diminish instead of increasing wealth, to retard instead of accelerating the progress of civilization, and to impair the means of defence and aggression.

Arguments similar to those previously made use of to demonstrate the mischievous influence of restrictions have been repeatedly advanced. The advantages of commercial freedom were set in a very striking point of view by Sir Dudley North, about one hundred and forty years since; and Sir Matthew Decker, Mr. Hume, and others, subsequently enforced the same principles, and showed the ruinous consequences of the prohibitive system. But its complete overthrow was reserved for Dr. Smith, who has examined and refuted the various arguments in favour of restrictions, in the most able and masterly manner, and with a fulness of illustration that leaves nothing to be desired. Such, however, were the prejudices to be overcome, and the obstacles opposed to the progress of more enlarged and liberal opinions, that notwithstanding Dr. Smith's work has been in circulation for about half a century, it is only within these very few years that statesmen and merchants have given a practical assent to its doctrines, and begun to act upon them. But happily a new era has at length begun—*novus sæclorum nascitur ordo!* The principles of free trade are no longer viewed as barren and unprofitable speculations, as the visions of theorists dreaming in their closets of public happiness never to be realised. Their justice has been admitted by the merchants, and they have been partially acted upon by the parliament of England. So that to the glory of being the first to promulgate this just and beneficent system, and to demonstrate its truth, we are now entitled to the higher praise of being the first to give it a practical bearing and real effect.

With a few distinguished exceptions

most mercantile men were, at no distant period, attached to the restrictive system. But such is no longer the case. In 1820 the merchants of London, and of most other great towns, showed how much they had emancipated themselves from the prejudices of their fathers, by petitioning the legislature to give effect to those liberal principles we have endeavoured to elucidate. The petition from the Metropolis was subscribed by all the principal traders, who did not hesitate to express their conviction, that the repeal of every protecting regulation would be for the public advantage. This document is, in every point of view, so important, and contains so admirable a summary of the doctrines we have attempted to unfold, that we should be inexcusable were we not to lay it before the reader :—

'To the Honourable the Commons, &c., &c., the Petition of the Merchants of the City of London,

'Showeth,

'That foreign commerce is eminently conducive to the wealth and prosperity of a country, by enabling it to import the commodities for which the soil, climate, capital, and industry of other countries are best calculated, and to export, in payment, those articles for which its own situation is better adapted.

'That freedom from restraint is calculated to give the utmost extension to foreign trade, and the best direction to the capital and industry of the country.

'That the maxim of buying in the cheapest market and selling in the dearest, which regulates every merchant in his individual dealings, is strictly applicable, as the best rule for the trade of the whole nation.

'That a policy founded on these principles would render the commerce of the world an interchange of mutual advantages, and diffuse an increase of wealth and enjoyments among the inhabitants of each state.

'That, unfortunately, a policy the very reverse of this has been and is, more or less, adopted and acted upon by the government of this and every other country; each trying to exclude the productions of other countries, with the specious and well-meant design of encouraging its own productions: thus inflicting on the bulk of its subjects, who are consumers, the necessity of submitting to privations in the quantity or quality of commodities; and thus rendering what ought to be the source of mutual benefit and of harmony among states, a constantly recurring occasion of jealousy and hostility.

'That the prevailing prejudices in favour of the protective or restrictive system may be traced to the erroneous supposition that every importation of foreign commodities occasions a diminution or discouragement of our own productions to the same extent: whereas it may be clearly shown, that although the particular description of production which could not stand against unrestrained foreign competition would be discouraged, yet as no importation could be continued for any length of time without a corresponding exportation, direct or indirect, there would be an encouragement for the purpose of that exportation of some other production to which our situation might be better suited; thus affording at least an equal, and probably a greater, and certainly a more beneficial, employment to our own capital and labour.

'That of the numerous protective and prohibitory duties of our commercial code, it may be proved that, while all operate as a very heavy tax on the com munity at large, very few are of any ultimate benefit to the classes in whose favour they were originally instituted, and none to the extent of the loss occasioned by them to other classes.

'That among the other evils of the restrictive or protective system, not the least is, that the artificial protection of one branch of industry, or source of production against foreign competition, is set up as a ground of claim by other branches for similar protection; so that if the reasoning upon which these restrictive or prohibitory regulations are founded were followed out consistently, it would not stop short of excluding us from all foreign commerce whatsoever. And the same train of argument, which, with corresponding prohibitions and protective duties, should exclude us from foreign trade, might be brought forward to justify the re-enactment of restrictions upon the interchange of productions, (unconnected with public revenue,) among the kingdoms composing the union, or among the counties of the same kingdom.

'That an investigation of the effects of the restrictive system, at this time, is peculiarly called for, as it may, in the opinion of your petitioners, lead to a strong presumption that the distress which now so generally prevails is con-

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siderably aggravated by that system; and that some relief may be obtained by the earliest practicable removal of such of the restraints as may be shown to be most injurious to the capital and industry of the community, and to be attended with no compensating benefit to the public revenue.

'That a declaration against the anti-commercial principles of our restrictive system is of the more importance at the present juncture, inasmuch as, in several instances of recent occurrence, the merchants and manufacturers of foreign countries have assailed their respective governments with applications for further protective or prohibitory duties and regulations, urging the example and authority of this country, against which they are almost exclusively directed, as a sanction for the policy of such measures. And certainly, if the reasoning upon which our restrictions have been defended is worth any thing, it will apply equally in behalf of the regulations of foreign states against us. They insist upon our superiority in capital and machinery, as we do upon their comparative exemption from taxation, and with equal foundation.

'That nothing would tend more to counteract the commercial hostility of foreign states, than the adoption of a more enlightened and a more conciliatory policy on the part of this country.

'That although, as a matter of mere diplomacy, it may sometimes answer to hold out the removal of particular prohibitions or high duties, as depending upon corresponding concessions by other states in our favour, it does not follow that we should maintain our restrictions in cases where the desired concessions on their part cannot be obtained. Our restrictions would not be the less prejudicial to our capital and industry, because other governments persisted in preserving impolitic regulations.

'That, upon the whole, the most liberal would prove to be the most politic course on such occasions.

'That, independent of the direct benefit to be derived by this country on every occasion of such concession or relaxation, a great incidental object would be gained, by the recognition of a sound principle or standard to which all subsequent arrangements might be referred; and by the salutary influence which a promulgation of such just views by the legislature, and by the nation at large, could not fail to have on the policy of other states.

'That, in thus declaring, as your petitioners do, their conviction of the *impolicy and injustice of the restrictive system*, and in desiring every practicable relaxation of it, they have in view only such parts of it as are not connected, or only subordinately so, with the public revenue. As long as the necessity for the present amount of revenue subsists, your petitioners cannot expect so important a branch as the Customs to be given up, nor to be materially diminished, unless some substitute less objectionable be suggested. But it is *against every restrictive regulation of trade, not essential to the revenue, against all duties merely protective from foreign competition, and against the excess of such duties as are partly for the purpose of revenue and partly for that of protection*, that the prayer of the present petition is respectfully submitted to the wisdom of parliament.

'May it, therefore, &c.'

Chapter V.

1. *Speculative Transactions.*—2. *Commercial Revulsions.*—3. *Abuse of Credit—Usury Laws.*—4. *Habits of Saving, &c.*

1. *Speculative Commercial Transactions.*—It very rarely happens that either the actual supply of any species of produce in extensive demand, or the intensity of that demand, can be exactly measured. Every transaction in which an individual buys in order to sell again, is, in fact, a speculation. The buyer anticipates that the demand for the article he has purchased will be such at some future period, either more or less distant, as will enable him to dispose of it with profit; and the success of the speculation depends, it is evident, on the skill with which the circumstances that must determine the future price of the commodity have been estimated. It follows, therefore, that in all highly commercial countries where merchants are possessed of large capitals, and where they are left to be guided in the use of them by their own discretion and foresight, the price of commodities will be very much influenced, not merely by the actual occurrence of changes in the accustomed relation of the supply and

demand, but by the anticipation of such changes. It is the business of the merchant to acquaint himself with every circumstance affecting the particular description of commodities in which he deals. He endeavours to obtain, by means of an extensive correspondence, the earliest and most authentic information with respect to every thing that may affect their supply or demand, or the cost of their production; and if he learned that the supply of an article had failed, or that, owing to changes of fashion, or the opening of new channels of commerce, the demand for it had been increased, he would most likely be disposed to buy in the expectation of profiting by the rise of price, which, under the circumstances of the case, could hardly fail of taking place: or, if he were a holder of the article, he would refuse to part with it, unless for a higher price than he would previously have accepted. If the intelligence received by the merchant had been of a contrary description,—if, for example, he had learned that the article was now produced with greater facility, or that there was a falling off in the demand for it, caused by a change of fashion, or by the shutting up of some of the markets to which it had been previously admitted, —he would have acted differently: in this case he would have anticipated a fall of prices, and would either have declined purchasing the article except at a reduced rate, or have endeavoured to get rid of it, supposing him to be a holder, by offering it at a lower price. In consequence of these operations, the prices of commodities, in different places and periods, are brought comparatively near to equality. All abrupt transitions from scarcity to abundance are avoided; an excess in one case is made to balance a deficiency in another, and the supply is distributed with a degree of steadiness and regularity that could hardly have been deemed attainable.

It is obvious from what has now been stated, that those who indiscriminately condemn all sorts of speculative engagements have never reflected on the circumstances incident to the prosecution of every undertaking. In truth and reality, they are all speculations. Their undertakers must look forward to periods more or less distant, and their success depends entirely on the sagacity with which they have estimated the probability of certain events occurring, and the influence which they have ascribed to them. Speculation is, therefore, really only another name for foresight, and though fortunes have sometimes been made by a lucky hit, the character of a successful speculator is, in the vast majority of instances, due to him only who has skilfully devised the means of effecting the end he had in view, and has outstripped his competitors in the judgment with which he has looked into futurity, and appreciated the operation of causes producing distant effects. Even in those businesses, such as agriculture and manufactures, that are apparently the most secure, there is, and must be, a great deal of speculation. Those engaged in the former have to encounter the variations of seasons, while those engaged in the latter have to encounter the variations of fashion; and each is besides liable to be affected by legislative enactments, by discoveries in the arts, and by an endless variety of circumstances which it is always very difficult, and sometimes quite impossible, to foresee. On the whole, indeed, the gains of the undertakers are so adjusted that those who carry on different businesses obtain at an average the common and ordinary rate of profit. But the inequality in the gains of individuals is most commonly very great; and while the superior tact, industry, or good fortune of some enable them to realise large fortunes, the want of discernment, the less vigilant attention, or the bad fortune of others, frequently reduces them from the situation of capitalists to that of labourers.

The risk to which merchants are exposed, when they either sell off any commodity at a reduced price in anticipation of a fall, or buy at an advanced price in anticipation of a future rise, is a consequence of the extreme difficulty of ascertaining the true state of the fact with respect to the grounds on which an abundant or a deficient supply, or an increasing or decreasing demand, may be expected. Rules can here be of no service: every thing depends upon the talent, tact, and knowledge of the party. The questions to be solved are practical ones, varying in every case from each other; the skill of the merchant being evinced by the mode in which he conducts his business under such circumstances, or by his sagacity in discovering coming events, and appreciating their character, and the extent of their influence. Priority, but, above all, accu-

racy of intelligence, is in such cases of the utmost consequence. Without well-authenticated data to go upon, every step taken may only lead to error. The instances, indeed, in which speculations, apparently contrived with the greatest judgment, have ended in bankruptcy and ruin, from a deficiency in this essential requisite, are so very numerous, that every one must be acquainted with them. Hence the importance of selecting acute and cautious correspondents; and hence also the necessity of maturely weighing their reports, and of endeavouring, by the aid of information, gleaned from every authentic accessible source, to ascertain how far they may be depended upon.

The great cotton speculation of 1825 took its rise partly and chiefly from a supposed deficiency in the supply of cotton, partly from an idea that there was a greatly increased demand for raw cotton in this country and the continent, and partly from a belief that the stocks on hand were unusually low. Now, it is obvious that the success of those who embarked in this speculation depended entirely on two circumstances: viz. *first*, that they were right in the fundamental supposition on which the whole speculation rested, that the supply of cotton was no longer commensurate with the demand; and *second*, that their competition did not raise the price so high, as to diminish the consumption by the manufacturers in too great a degree to enable them to take off the quantity actually brought to market. Had the merchants been well founded in their suppositions, and had their competition not raised the price of cotton too high, the speculation would certainly have been successful. But instead of being well-founded, the hypothesis on which the whole thing rested was perfectly visionary. There was no deficiency in the supply of cotton, but, on the contrary, a great superabundance; and even if there had been a deficiency, the excess to which the price was carried must have checked consumption so much, as to occasion a serious decline. The falling off in the import of cotton from America in 1824, seems to have been the source of the delusion. It was supposed that this falling off was not accidental, but that it was a consequence of the price of cotton having been for a series of years inadequate to defray the expenses of its cultivation. The result showed that this calculation was most erroneous. And besides, in entering on the speculation, no attention was paid to Egypt and Italy, countries from which only about 1,400,000 lbs. of cotton were obtained in 1824, but from which no less than 23,800,000 lbs. were obtained in 1825! This unlooked for importation was, of itself, almost enough to overturn the combinations of the speculators; and, coupled with the increased importation from America and other countries, actually occasioned a heavy glut of the market.

When a few leading merchants purchase in anticipation of an advance, or sell in anticipation of a fall, the speculation is often pushed beyond all reasonable limits by the operations of those who are influenced by imitation only, and who have never perhaps reflected for a moment on the grounds on which a variation of price is anticipated. In speculation, as in most other things, one individual derives confidence from another. Such a one purchases or sells, not because he has any really accurate information as to the state of the demand and supply, but because some one else has done so before him. The original impulse is thus rapidly extended; and even those who are satisfied that a speculation, in anticipation of a rise of prices, is unsafe, and that there will be a recoil, not unfrequently adventure, in the expectation that they will be able to withdraw before the recoil has begun.

It may, we believe, speaking generally, be laid down as a sound practical rule, to avoid having anything to do with a speculation in which many have already engaged. The competition of the speculators seldom fails speedily to render an adventure, that might originally have been safe, extremely hazardous. If a commodity happen to be at an unusually reduced price in any particular market, it will rise the moment that different buyers appear in the field; and supposing, on the other hand, that it is fetching an unusually high price, it will fall, perhaps, far below the cost of its production, as soon as supplies begin to be poured in by different merchants. Whatever, therefore, may be the success of those who originate a speculation, those who enter into it at an advanced price are almost sure to lose. To have been preceded by others ought not, in such matters, to inspire confidence: on the contrary, it ought, unless there be something special in the case, to induce

every considerate person to decline interfering with it.

The maintenance of the freedom of intercourse between different countries, and the more general diffusion of sound instruction, seem to be the only means by which those miscalculations that are often productive of great national, as well as private loss, can be either obviated or mitigated. The effects consequent on such improvident speculations being always more injurious to the parties engaged in them than to any other class, the presumption is, that they will diminish, both in frequency and force, according as the true principles of commerce come to be better understood. But whatever inconvenience may occasionally flow from them, it is abundantly plain, that instead of being lessened, it would be very much increased, were any restraints imposed on the freedom of adventure. When the attention of many individuals is directed to the same line of speculation; when they prosecute it as a business, and are responsible in their own private fortunes for any errors they may commit, they acquire a knowledge of the various circumstances influencing prices, and give, by their combinations, a steadiness to them which it is easy to see could not be attained by any other means. It is material, too, to bear in mind, as was previously stated, that many, perhaps it might be said *most*, of those who press so eagerly into the market when any new channel of commerce is opened, or when any considerable rise of price is anticipated, are not merchants, but persons engaged in other businesses, or living perhaps on fixed incomes, who speculate in the hope of suddenly increasing their fortune. A tendency to gambling seldom fails to break out upon such occasions; but fortunately these are only of comparatively rare occurrence; and, in the ordinary course of affairs, mercantile speculations are left to be conducted by those who are familiar with business, and who, in exerting themselves to equalise the variations of price, caused by variations of climate and of seasons, and to distribute the supply of produce proportionally to the effective demand, and with so much providence, that it may not, at any time, be wholly exhausted, perform functions that are in the highest degree important and beneficial. They are, it is true, actuated only by a desire to advance their own interests, but the results of their operations are not less advantageous than those of the agriculturist, who gives greater fertility to the soil, or of the mechanist, who invents new and powerful machines.

2. *Commercial Revulsions.*—By a commercial revulsion is usually meant a sudden decline in the prices of commodities, and the prevalence of distress either in one or more branches that were previously flourishing. Such revulsions are ascribable to a variety of causes; but, for the most part, they originate in some miscalculation on the part of the producer or dealer, and practically illustrate the principles already laid down.

Every exertion of industry involves a certain degree of speculation. The individual who buys raw cotton or raw silk, in the intention of manufacturing it into articles of dress or furniture, supposes that the article, when manufactured, will sell for a price sufficient to indemnify him for his expenses, and to leave him the customary profits on his capital. There is, however, a good deal of risk in an adventure of this sort: were the fashion to change while the articles are in preparation, it might be impossible to get them disposed of, except at a considerable loss; or, were new facilities given to the commerce with countries whence similar articles may be procured, or any discovery made which facilitated their production, their price would certainly fall, and the speculation would turn out an unprofitable one. But, how singular soever the statement may at first appear, it will be found that miscalculation and gluts are more frequently produced by an increase than by a decline in the demand for produce. Suppose that, owing to the opening of new markets, to a change of fashion, or to any other cause, the demand for hardware were suddenly increased: the consequences of such increased demand would be, that its price would immediately rise, and the manufacturers would obtain comparatively high profits. But the rate of profit cannot, unless monopolies interfere to prevent or counteract the operation of the principle of competition, continue for any considerable period, either higher or lower, in one employment, than in others. As soon, therefore, as this rise of price had taken place, additional capital would begin to be employed in its production. Those already engaged in the trade would endeavour to extend their business by borrowing fresh capi-

tal, while a number of those engaged in other businesses would withdraw from them and enter into it. Unluckily, however, it is next to certain that this transference of capital would not stop at the point when it would suffice to produce the additional supply of hardware at the old prices, but that it would be carried so much farther as to produce a glut, and a consequent revulsion. A variety of causes conspire to produce this effect; the advantages which any class of producers derive from an increased demand for their peculiar produce, are uniformly exaggerated, as well by that portion of themselves who are anxious, in order to improve their credit, to magnify their gains, as by those engaged in other employments. The adventurous and sanguine—those who are particularly disposed to take *omne ignotum pro magnifico*—crowd into a business which they readily believe presents the shortest and safest road to wealth and consideration; at the same time that many of that generally numerous class who have their capitals lent to others, and are waiting till a favourable opportunity occurs for vesting them in some industrious undertaking, are tempted to follow the same course. It occurs to few that the same causes which impel one to enter into a department that is yielding comparatively high profits are, most probably, impelling thousands. Confident in his own good fortune, the adventurer leaves a business to which he had been bred, and with which he was well acquainted, to enter, as a competitor, on a new and untried arena; while those already engaged in the advantageous business stretch their credit to the utmost, that they may acquire the means of extending their concerns, and of increasing the supply of the commodity in unusual demand. The result, that every unprejudiced observer would anticipate, almost invariably takes place. A disproportionate quantity of capital being attracted to the lucrative business, a glut of the market, and a ruinous depression of prices, unavoidably follow.

Those who investigate the history of industry, either in this or any other country, will find that a period of *peculiar* prosperity, in any one branch, is the almost uniform harbinger of mischief. If we turn, for example, to the history of agriculture, the alternation between periods of high prices and great agricultural prosperity, and of low prices and great agricultural distress, is so striking, that it cannot fail to arrest the attention of every one. The high prices of 1800 and 1801 gave an extraordinary stimulus to agricultural industry. Nearly *double* the number of acts of parliament were passed in 1802, for the inclosure and drainage of land, that had been passed in any previous year. A great extent of old grass-fields was, at the same time, subjected to the plough. And in consequence of this extension of cultivation, and of the improvements that were then entered upon and completed, the supply of corn was so much increased in 1804, that prices sunk considerably below the previous level; and an act was passed, in consequence of the representations made by the agriculturists of their depressed condition, granting additional protection against foreign competition. The high prices of 1810, 1811, 1812, and 1813, had a precisely similar result. They attracted so much fresh capital to the land, and occasioned such an extension of tillage, that we grew, in 1812 and 1813, an adequate supply of corn for our own consumption. And, under such circumstances, it is certain that the price of corn must have fallen, in consequence of the unusually abundant harvest of 1814, though the ports had been entirely shut against importation from abroad.

The history of the West India trade may also be referred to, as affording the most convincing proofs of the truth of this principle. The devastation of St. Domingo by the negro insurrection, which broke out in 1792, by first diminishing, and in a very few years entirely annihilating, the supply of 115,000 hhds. of sugar, which France and the continent had previously drawn from that island, occasioned an extraordinary rise of prices, and gave a proportional encouragement to its cultivation in other parts. So powerful was its influence in this respect, that Jamaica, which, at an average of the six years preceding 1799, had exported only 83,000 hhds., exported in 1801 and 1802 upwards of 286,000, or 143,000 a-year! But the duration of this prosperity was as brief as it was signal. The rise of price which had produced such effects in the British islands occasioned a similar, though less rapid, extension of cultivation in the colonies of the continental powers. The increased supplies of sugar and coffee that were in consequence obtained from Cuba, Porto Rico, Martinique and Guadaloupe, Brazil, &c., became, in no

very long time, not only sufficient to fill up the vacuum caused by the cessation of the supplies from St. Domingo, but actually to overload the market. The great foreign demand for British plantation sugar, which had been experienced after the destruction of the St. Domingo trade, gradually diminished, until 1805 or 1806, when it almost entirely ceased; and the whole extra quantity raised in consequence of that demand, being thrown upon the home market, its price, which had been 66*s.* a cwt. in 1798, exclusive of duty, fell, in 1806, to 34*s.*, a price which the committee, that was then appointed by the House of Commons to inquire into the distresses of the planters, states, was not only insufficient to yield them any profit, but even to indemnify them for their actual outlay. And we may add, that owing to the ill-advised measures that were soon after adopted for creating a forced and unnatural demand for sugar, by substituting it, in the place of barley, in the distillery, its supply was prevented from being diminished in proportion to the diminution of the effective demand; and this circumstance, combined with the oppressive regulations on the trade of the islands, and particularly on their intercourse with the United States, have since retained the planters, some short intervals only excepted, in distress and difficulty.

The history of the silk-trade, of distillation, and indeed of every branch of industry, furnishes but too many proofs of the constant operation of this principle of compensation. The greater and more signal the peculiar prosperity of any one department, the greater, invariably, is the subsequent recoil. Such an increased demand for any commodity as would raise its price 10 per cent. above the common level, would certainly cause it to be produced in excess, and would, in consequence, occasion a revulsion. But were the price to rise 30 or 40 per cent. above the common level, the temptation to employ additional capital in its production would be so very great, that the revulsion would both take place sooner, and be incomparably more severe.

Revulsions of the sort now described will necessarily continue to occur, to a greater or less extent, under all systems of public economy. But there is nothing that would tend so much to lessen their frequency and violence, as a determination, on the part of government, to withhold all relief, except in cases of extreme necessity, from those who have the misfortune to be involved in them. It must be acknowledged that this seems rather a harsh doctrine; but, on examination, it will be found to be the only safe and really practicable line of conduct that government can follow. Almost all the restrictions and prohibitions which fetter our commerce and enterprise have been occasioned by government stepping out of its proper province, and interfering for the relief of those who had got themselves entangled in difficulties. By this means, a very large proportion of the industry of the country was at one time placed on an insecure foundation; and, notwithstanding the reforms that have been effected, a great deal is still in that situation. Merchants and manufacturers have been, in this way, partially relieved from that natural responsibility under which every man ought to act, and tempted to trust to the support given by government in the event of their speculations giving way. Were it possible, indeed, to grant such assistance without injury to the rest of the community, none would object to it; but, as this cannot be done, it appears not only that sound policy, but also that real humanity, would dictate the propriety of its being withheld in all but extreme cases.

We are happy to be able to corroborate what is now stated, by the authority of one of our ablest practical merchants. 'The only beneficial care,' says Mr. Alexander Baring, 'that a government can take of commerce, is to afford it general protection in time of war; to remove, by treaties, the restrictions of foreign governments in time of peace, and cautiously to abstain from any, however plausible, of its own creating. If every law of regulation, either of our internal or external trade, were repealed, with the exception of those necessary for the collection of revenue, it would be an undoubted benefit to commerce, as well as to the community at large. An avowed system of allowing things to take their own course, and of not listening to the interested solicitations of one class or another for relief, whenever the imprudence of speculation has occasioned losses, would, sooner than any artificial remedy, reproduce that equilibrium of demand and supply, which the ardour of gain will frequently derange, but which the same cause, when let alone, will as infallibly restore.

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'The interference of the political regulator in these cases is not only a certain injury to the other classes of the community, but generally so to that in whose favour it is exercised. If too much sugar be manufactured in Jamaica, or too much cotton in Manchester, the loss of those concerned will soon correct the mischief; but if forced means are devised to provide for the former a temporary increase of demand, which cannot be permanently secured, a recurrence to that natural state of fair profit, which is most to be desired by the planter, is artificially prevented by the very means intended for his relief. If the cotton manufacturer, on the other hand, is to have his imprudences relieved at the expense of those employed on linen, silk, wool, or other materials, the injustice, as well as impolicy, of such a remedy, need no illustration.

'Whenever the assistance of government is called for by any class of traders or manufacturers, it is usual to make the most splendid display of the importance of that particular branch to the nation at large. The West and East India interests, the ship-owners, the manufacturers, the American merchants, have all the means of making these brilliant representations; but it should be recollected, that the interest of the state consists in the prosperity of the whole; that it is contrary to sound policy to advance one beyond its natural means, and still more to do so at the expense of others; and that the only mode of ascertaining the natural limits of each is *to leave them all alone.*'—(*Inquiry into the Causes and Consequences of the Orders in Council*, 1st ed. p. 133.)

The establishment of a free commercial system would operate powerfully to prevent improvident speculations. We should then engage only in those branches of industry for the prosecution of which we have some natural or acquired advantage, and which would, in consequence, be in a great measure secure against those unfavourable contingencies that are always affecting businesses fenced round with restrictions. Suppose, to illustrate the principle, that a really free trade were established in silks; we should export supplies of plain silks, of mixed fabrics of wool, cotton, and silk, and of gloves and hosiery, in which we have an advantage; at the same time that the greater part of our demand for fancy goods, and other articles of that description, would, most probably, be supplied by the foreigner. If, on the one hand, therefore, the demand for silks should, in consequence of a change of fashion, or any other cause, suddenly increase, the competition of the foreign manufacturers would prevent prices attaining any very extravagant height, and would thereby prevent both the inordinate extension of the manufacture and its subsequent recoil: and if, on the other hand, the demand for silks in this country happened to decline, the various foreign markets resorted to by our manufacturers would give them the means of disposing of their surplus goods, at a small reduction of price compared to what must take place when they are confined, as has hitherto been principally the case, to the home market. —(*M'Culloch's Principles of Political Economy*, 2d ed. pp. 203—209.)

2. *Abuse of Credit—Usury Laws.*—We are, however, inclined to think that the principal cause of improvident commercial speculations, and of the ruin which so frequently overtakes mercantile establishments, is to be sought for in the abuse of credit, an abuse that has prevailed in this country to an extent unknown anywhere else. At present, the practice is for manufacturers to receive orders, in the course of the year, from twenty or thirty commercial houses, for goods to be exported to the West Indies, South America, Germany, the East Indies, &c., the understood term of credit being from twelve to fifteen and eighteen months. Very frequently, however, the merchant does not receive remittances from abroad equal to the goods sent out; but he is led partly and principally by the facility of obtaining credit at home, and partly by assurances from his correspondents abroad that his goods have been well sold, and that their price will, no doubt, be speedily realized, to go on increasing his exports till he becomes embarrassed, when a bankruptcy either takes place, or he is obliged to act under an arrangement with his creditors. Less business, probably, might be done were less credit given to exporters, but what was done would be transacted to far better purpose. Bankruptcy would be infinitely less frequent, and commerce would not be infected with that gambling spirit so utterly alien to the considerate forethought and sagacious enterprise that distinguish the best class of merchants.

The discount of bills at long dates is a great incentive to unsafe speculation.

When an individual obtains money which he is not to be called upon to pay for six, twelve, or eighteen months, he is tempted to adventure in undertakings that are not to terminate till some distant period; and the consequence is, that when the bill becomes due, he is very often unable to pay it, or can pay it only by withdrawing capital, at a great loss, from some line of business, or by making a new loan on very disadvantageous terms.

The bookselling trade may be referred to in proof of this statement. In all departments connected with it very long credits are given. In consequence, persons with a very limited amount of capital are tempted to engage in publishing adventures, the hazard of which is proverbially great; and when the time comes that they must discharge their obligations, they have no resource but to go, at once, into the Gazette, or to defer the crisis for a little, by throwing their publications upon the market at little more than the price of the paper. Hence the extremely unsatisfactory state of the publishing trade at this moment, and for many years past. Publishing is a department in which adequate capital, and good connexions, are more indispensable than in most others; but such is the nature of our credit system, that it frequently enables them to be entirely dispensed with; and instances may be specified in which individuals, who at no time were worth a sixpence, have contracted obligations to the amount of 50,000*l.*, or 100,000*l.*, and even more! Such a state of things is, in the highest degree, prejudicial to the interests of literature; and we are firmly convinced that the introduction of a system of ready-money payments, or of short credits, among booksellers, printers, paper-makers, and authors, would do more to promote its prosperity than any thing else.

The merchants of Holland have never been charged with any want of enterprise. On the contrary, they have been, at all times, ready to engage in any adventure, however remote or hazardous, that held out a reasonable prospect of even a moderate profit. This circumstance shows conclusively that long credits are not necessary to stimulate commercial enterprise; for Holland is, and always has been, a country of short credit. A discount is usually given for prompt payment, at the rate of one per cent. for six weeks, and of two per cent. for two months; but the terms of credit, on most articles, and the discount allowed for ready money, have been fixed by usage, and are regarded as essential conditions in all bargains:—'Rien en effet de plus facile que de s'établir à Amsterdam; mais rien de plus difficile que de s'y soutenir sans de grandes ressources. Dans cette ville, où l'argent abonde, où on le prête contre des sûretés à si bon marché, il est pourtant impossible de s'en procurer à crédit; et sans argent, il n'y a pas plus de possibilité d'y travailler, que de trouver quelqu'un qui veuille se charger d'un papier nouveau qui ne serait pas appuyé d'un crédit que l'opinion, la protection, ou des effets réels feroient valoir à la bourse. Les Hollandois suivent là-dessus des maximes très austères même à l'égard des maisons d'une certaine considération. Il est extrêmement difficile de trouver sur la bourse des personnes qui prennent du papier d'un négociant pour des plus fortes sommes que celles que peuvent comporter les affaires qu'on lui connoît.'—(*Ricard, Traité Général du Commerce*, tom. i., p. 212, ed. 1781.)

This extraordinary caution is not, however, a disadvantage, but the reverse. It hinders commerce from degenerating, as it has often done in other places, into gambling adventures, and places it on a comparatively solid foundation. As a proof of the excellence of this system, it is enough to state, that bankruptcies are rarer in Holland than in any other country. Notwithstanding the loss and interruption to all sorts of businesses, occasioned by the occupation of the country by the French in 1795, the failures in that and the subsequent season were not, comparatively, so numerous as in England in ordinary years. And during the recent convulsions growing out of the separation of Belgium, no suspicion was ever entertained of the solvency of any considerable Dutch house.

Various circumstances have contributed to that extension of credit which prevails in this country, but few, perhaps, have had more influence than the usury laws. It is singular that so oppressive a restriction should still be allowed to preserve its place in the statute-book. The rate of interest, like the rate of insurance, ought to vary according to the supposed risk, and other circumstances peculiar to each transaction. But in consequence of the limitation to five per cent., industrious and active young men, well acquainted with busi-

ness, but without capital, who might obtain a loan from a monied friend at six, seven, or eight per cent., are frequently unable to borrow a single farthing. Such persons, therefore, if they attempt to escape from the routine drudgery of clerks, and to commence business on their own account, are obliged to buy on credit from the producers, that is, to borrow goods instead of money: and the sellers or lenders, to indemnify themselves for the risk they run in entering into a transaction of this sort, make an addition of from fifteen to twenty per cent. to the price at which they would be willing to sell their goods for ready money! And thus the preposterous limitation of the interest on pecuniary loans compels those who require accommodation to seek it in the shape of goods, at an enormous increase of cost, and with many other disadvantages. The producer who advances the goods may very probably be unable to postpone their payment beyond the term agreed upon; so that if they have not been sold, and a remittance received, the merchant must stop payment, unless he get a similar advance from some other producer. But had he obtained a loan of money, the result would have been very different. The cost of the goods being, in that case, comparatively low, they might have been sold with a profit at a much less price, so that the chance of their finding a market would have been considerably greater; and though they had not been sold, the capitalist who had made the loan, not having occasion for the money, and having confidence in the integrity and skill of the borrower, the latter would not be obliged to hurry a disadvantageous sale to meet his engagements. The effect of the usury laws is, in fact, to force loans to be made to the mercantile classes by those who are least able to spare them; that is, by those engaged in producing; whereas, were capitalists allowed openly to stipulate for interest proportioned to their real or supposed risks, advances would be made by wealthy individuals retired from active business, who are the very persons best able to make them, and by whom they ought to be made. At present the usury laws are less pernicious than during war; but even now it is not easy to exaggerate their mischievous influence in the way we have endeavoured to exhibit; and, as they have not a single countervailing advantage to recommend them, their abolition ought not to be delayed.

4. *Habits of Saving.*—A good deal of the abuse of credit in this country, and no inconsiderable number of the bankruptcies that are so very frequent, may be ascribed to the national habits and mode of living. The circumstance of London being at once the residence of the court, and the commercial metropolis of the empire, has had both a favourable and an unfavourable influence on the mercantile character. The fashion is set by the nobility and other residents at the west end of the town; and the desire to be able to indulge in a similar scale of expense inspires the industrious classes with new ardour, and prevents any one from supposing that he has acquired an adequate fortune unless it will enable him to live in something like the fashionable style. Unluckily, however, many persons, some from a natural and laudable desire not to appear to belong to a lower class of society, others from a calculation that an expensive mode of living infers the possession of property, and will attract confidence and connexions, aspire too soon to distinction in the way of expense; and after an establishment has been formed, few have resolution, in the event of its proving too costly, to prune its luxuriancies, and to descend to a lower scale. Instead of attempting to repair their falling fortunes by retrenchment and economy, too many try to improve them by engaging in desperate adventures, that would be shunned by every prudent man; and which, in nine cases out of ten, accelerate the catastrophe. Of those that have become bankrupt, notwithstanding the possession of capital, skill, and connexions, a large number have been shipwrecked in the way now mentioned. This circumstance is seldom, indeed, brought prominently forward. We hear of losses from shipments to South America and India, from the impossibility of realising mortgages on West India property, from the decline in the price of stocks on hand, &c.; but we hear nothing of the expenditure of 3,000*l.*, 5,000, or, it may be, 10,000*l.* a-year for a lengthened period, by those who ought not, at any time, to have spent more than 2,000*l.* It is this that by hindering the accumulation of a fund to meet any emergency, has been the real cause of the failure. It would be invidious to specify instances in proof

of what has been stated; they are incredibly numerous; and are well known to every mercantile man, and to every one who has had any intercourse with merchants.

In this respect, as well as in the habit of dealing on short credits, our merchants might profit by the example of the Dutch. In Holland, indeed, the spirit of parsimony seems to be carried to an absurd extent; and it would appear that fortunes are amassed not for the enjoyment that may be derived from them, but for the mere pleasure of amassing. We should be exceedingly sorry to see any such sordid spirit obtain an ascendency amongst our merchants; but there is a medium between the extreme economy of the Hollanders and the lavish expenditure of the English: and it is astonishing how much the curtailment of useless expense, such as the laying aside of superfluous servants, horses, &c., would do to increase the solvency of the mercantile classes, and their real respectability.

In London the outlay upon servants is immense; and it would seem, from the universality of the habit, as if the circumstance of a merchant or banker having his house encumbered with some half-dozen powdered lackeys, for three-fourths of which he has no manner of use, served as a guarantee of his solidity, and made his bills be readily negociated. The Dutch are far from this ridiculous affectation of lordly expense:—'Ils n'ont précisement que les domestiques qu'il leur faut; et ils sont bien fâchés, quand leurs circonstances exigent qu'ils en entretiennent beaucoup. Ils savent trop bien que cette canaille ne fait rien qu' embarrasser une maison, qu'elle y entretienne le désordre; que tandis que chacun cherche réciproquement à se décharger de son service sur quelqu'un de ses compagnons, le maître est réduit à se servir lui-même; que des gueux pareils sans industrie et sans éducation ne peuvent que se gater eux-mêmes entr'eux, et communiquer la corruption de leurs mœurs aux enfants même du maître. Ainsi ce n'est point par avarice, mais par prudence, qu'ils se passent de domestiques autant qu'ils le peuvent.'—(Lettres sur la Hollande, ii., p. 188.)

Ostentatious display ought carefully to be avoided by all who have not a large fortune independent altogether of the fortune required in carrying on trade. To those with straitened means it is certain destruction. It has been truly observed, that 'In the mercantile, as in other lines, the means of success are few and simple; not easy of attainment indeed, and requiring, above all, long continued perseverance, but less varied and complicated than a youthful mind is apt to imagine. Analyse the true qualities of a man of business, you will find they reduce themselves to fairness, vigilance, and steadiness,—fairness exemplified in declaring his terms at once, and in never deviating from an engagement; vigilance in superintending his assistants, his clerks, and his workmen; and steadiness in following up his proper line year after year, without turning to the right or the left in pursuit of speculative advantages. These, plain as they are, form the true virtues of mercantile life; the man who is known to possess them will be at no loss for connexions, and may safely leave to others the task of seeking a reputation for hospitality by their mode of living, of activity by the frequency of their solicitations, or of liberality by an unusual prolongation of credit.'—(Art. Commerce, Supp. Ency. Brit.)

Chapter VI.

Bounties—Drawbacks.

Bounties.—It is unnecessary, after the discussions into which we have already entered, to engage in any lengthened inquiries as to the nature and effect of bounties. These are premiums paid by government to the exporters, and sometimes also to the producers, of certain species of goods. A government may, by the aid of prohibitions and Custom-house regulations, force its subjects to buy dear commodities instead of cheap ones; but the sphere of its influence is circumscribed by the boundaries of its own dominions, and does not extend to foreigners. What the patrons of the mercantile system could not effect in one way, they were, however, resolved to effect in another. Not being able to compel the foreigner to purchase comparatively high priced goods, they thought that the next best thing they could do was to sell them to him for less than they actually cost. Government pays a bounty or premium to the exporter; and he is thus enabled, or rather, we should say, compelled by the competition of others, to sell his goods in the foreign market for so much less than he could otherwise afford: in other words, government taxes the public

to make a present to foreigners! 'Those trades,' says Dr. Smith, 'only require bounties in which the merchant is obliged to sell his goods for a price which does not replace to him his capital, together with the ordinary profit, or in which he is obliged to sell them for less than it really cost him to send them to market. The bounty is given in order to make up this loss, and to encourage him to continue, or perhaps to begin, a trade of which the expense is supposed to be greater than the returns, of which every operation eats up a part of the capital employed in it, and which is of such a nature that, if all other trades resembled it, there would soon be no capital left in the country.

'The trades, it is to be observed, which are carried on by means of bounties, are the only ones which can be carried on between two nations for any considerable time together, in such a manner as that one of them shall always and regularly lose, or sell its goods for less than it really costs to send them to market. But if the bounty did not repay to the merchant what he would otherwise lose upon the price of his goods, his own interest would soon oblige him to employ his stock in another way, or to find out a trade in which the price of the goods would replace to him, with the ordinary profit, the capital employed in sending them to market. The effect of bounties, like that of all other expedients of the mercantile system, can only be to force the trade of a country into a channel much less advantageous than that in which it would naturally run of its own accord.'—(Wealth of Nations, ii. p. 362,)

Dr. Smith has truly stated that premiums to artists and manufacturers who excel in their peculiar occupations are not liable to the same objections as bounties, commonly so called. At the same time, however, it is certainly true that these rewards ought not to be lavishly distributed, and that great judgment and discrimination are necessary to prevent them from degenerating into abuse. Generally speaking, the public is the best and most liberal patron of artists and inventors of every sort; and it is on its countenance and protection that they ought to be taught mainly to depend. By the device of patents the inventors and discoverers of useful processes are in most cases, though not always, enabled to derive such peculiar advantages from them, as are usually sufficient to stimulate them to fresh exertions of skill and ingenuity. In some departments of the useful arts, however, and in most departments of the fine arts, and the less popular branches of literature, the public patronage seldom affords a very adequate remuneration for the skill, industry, and ingenuity of those by whom they are advanced and perfected. There is no individual, perhaps, to whom this country is more signally indebted than to Richard Hargraves, the inventor of the spinning-jenny, who led the way in that wonderful career of discovery by which the British cotton manufacture has attained in so short a period to such unrivalled perfection. And yet, to the indelible disgrace of his age and nation, this most meritorious individual, by whose ingenuity millions have been enriched, was allowed to pass his days in poverty and neglect, and terminated his existence in the workhouse at Nottingham! Crompton, the inventor of the mule-jenny, met with somewhat better treatment, but not with such as he deserved. His invention has been of extraordinary utility; but not being at first aware of its value, he did not take out a patent for it, and only, indeed, perfected it by slow degrees. In 1812, however, he was advised to apply to parliament for a reward. The justice of his claim being admitted, a committee was appointed to investigate the circumstances. This committee reported that upwards of 4,000,000 spindles were employed on Crompton's principle; that two-thirds of the steam-engines for spinning cottons turned mules; and that the value of the buildings and machinery employed on the same principle, amounted to between 3,000,000*l.* and 4,000,000*l.* sterling. In consequence of this report, the House of Commons, as a mark of its high sense of his important services, voted Mr. Crompton a sum of—5000*l.*! Commentary on such a proceeding would be worse than useless. In whatever difficulties we may be involved, it cannot certainly be said that they have occurred by the public bounty being too liberally extended to the improvers of those arts which have raised us to eminence as a nation.

It would be wrong, perhaps, to devote any considerable portion of the public revenue to the encouragement of the fine arts, or of literary pursuits; but the glory which excellence in them confers on a nation, and the various advantages of which they are productive, ought to obtain for them a reasonable

share of the bounty and patronage of government. The small sums expended by Louis XIV. in douceurs to literary men, and in the encouragement of the arts, has redounded infinitely more to his glory, and that of France, than even the most successful of his campaigns. The verses of Racine and Boileau will be read and admired long after the Chateau of Versailles is level with the dust.

Drawbacks.—The granting of drawbacks on goods exported is not liable to the same objections as the granting of bounties, and is, indeed, in most cases highly expedient. It may be necessary for fiscal purposes, that a duty should be laid on produce, part of which was previously exported to other countries. But, if this duty were levied on the produce exported to the foreigner, it would either narrow the demand for the article in the foreign market, or, which is most probable, it would tempt the foreigner to supply himself from some other quarter. And hence it is usual, in order to prevent foreign trade from being injuriously affected by internal taxes, to remit or draw back either the whole or part of the taxes paid on most articles when they are about to be exported. A measure of this sort does not, it is obvious, tend, like a prohibition or a bounty, to divert towards, or retain in any particular employment, a greater share of the capital and industry of the country than what naturally belongs to or would remain in it, but merely to hinder capital and labour from being forcibly drawn from one business to another. 'Drawbacks,' says Dr. Smith, 'do not tend to turn toward any particular employment a greater share of the capital of the country than what would go to that employment of its own accord, but only to hinder the duty from driving away any part of that share to other employments. They tend not to overturn that balance which naturally establishes itself among all the various employments of the society, but to hinder it from being overturned by the duty. They tend not to destroy, but to preserve, what it is in most cases advantageous to preserve, the natural division and distribution of labour in the society.'—(Wealth of Nations, ii. p. 352.)

We are surprised that the policy of granting a drawback has not been brought more prominently forward in the discussions with respect to the corn laws. The question as to the comparative amount of taxation falling on the agriculturists and the other classes, is of very difficult solution. We believe, however, were this the proper place for entering on such an investigation, that it might be satisfactorily shown that the agriculturists are more heavily taxed than any other description of producers; and that, consequently, they are entitled to claim that a duty corresponding to the *excess of taxes falling upon them* should be imposed on foreign corn when imported. Different opinions may be entertained as to the amount of this duty: but were it fixed at 6*s.* or 7*s.* a quarter on wheat, and on other grain in proportion, it would certainly be as much as the agriculturists can fairly claim. But whatever may be the amount of duty, and however imposed, it ought to be accompanied with an equivalent drawback. Justice cannot be otherwise done to the agriculturists. The duty on importation is imposed because the corn produced at home is subject to an excess of taxation, and when, therefore, such corn is exported, this excess ought to be remitted. This is a point on which Mr. Ricardo has expressed himself as follows:—'In allowing this drawback, we are merely returning to the farmer a tax which he has already paid, and which he must have to place him in a fair state of competition in the foreign market not only with the foreign producer, but with his own countrymen who are producing other commodities. It is essentially different from a bounty on exportation in the sense in which the word bounty is generally understood, for by a bounty is generally meant a tax levied on the people for the purpose of rendering corn unnaturally cheap to the foreign consumer; whereas, what I propose is, to sell our corn at the price at which we can really afford to produce it, and not to add to its price a tax which shall induce the foreigner rather to purchase it from some other country, and deprive us of a trade which, under a system of free competition, we might have selected.'—(On Protection to Agriculture, p. 53.)

At present the farmers are distressed as much or more by a luxuriant as by a deficient crop. Our population being comparatively dense, the imposition of duties on importation raises our average prices above the level of those of the surrounding states; so that whenever we happen to have an unusually luxuriant harvest the whole extra supply is

thrown upon the home market, exportation being impracticable till the price has sunk ruinously low. The granting of a drawback would obviate this cause of fluctuation; and if it be just or expedient to impose a duty, it must be equally so to allow a drawback. It would not, however, be possible in the present state of the finances to grant a drawback corresponding to the duties now imposed on importation; and this, were there nothing else to urge, ought to suggest the policy of their reduction. We are firmly persuaded that a constant duty of 6*s.* or 7*s.* a quarter, with an equivalent drawback, would be incomparably more beneficial to the agriculturists than the present system; at the same time, that by giving freedom and security to the corn trade, it would tend to prevent injurious fluctuations of price, and would be in the highest degree advantageous to the public.

Chapter VII.

Commercial Treaties.

Commercial treaties have been negociated from a very remote era, and a good deal more stress has been laid upon them than they really seem to deserve. During the middle ages, indeed, while aliens or foreigners were exposed to the most inhospitable treatment, being frequently even made liable for the debts and crimes of others, commercial treaties were of considerable advantage, inasmuch as they stipulated for the suspension of those barbarous customs, and procured for foreigners that protection and security so essential to the prosecution of commercial undertakings. After the establishment of good order, and the growing intercourse among nations had abated the prejudices against strangers, it might have been supposed that commercial treaties would have gradually fallen into disuse, or been restricted to a few simple regulations for facilitating mercantile transactions. But at the same time that the real importance of commercial treaties declined, they acquired an adventitious value in the estimation of politicians and merchants, and began to be employed as one of the most efficacious instruments of the mercantile system. They have not consequently, with a few exceptions, been entered into for the purpose of mutually modifying restrictions, and giving greater facilities to commerce, but because each party imagined they were gaining some peculiar advantage at the expense of the other! And hence, almost all the commercial treaties negociated during the last 200 years are full of stipulations as to duties, the privileges to be enjoyed by the ships of either party in the ports of the other, &c. It is almost superfluous to add, that these imaginary advantages have commonly proved either useless or positively pernicious. It cannot be for the public advantage to show any favour to one set of foreigners more than to another. Common sense suggests the propriety of dealing in preference with those who supply us best and cheapest with the articles we want. Now, these, it is obvious, require no privileges. All that is necessary to the successful prosecution of the most extensive intercourse with them, is to *let it alone;* we deal with them because we find it most for our advantage, and it is evident that, if we put an end to this intercourse, by giving artificial privileges to others, we injure ourselves, and force our people to forsake the cheap shop, and to go to the dear! Such is the preposterous principle on which nine out of ten commercial treaties have been negociated. They have not been employed to remove the obstacles that oppose commerce, but to give it an artificial direction, to force it into channels in which it would not naturally flow, and in which it is sure to be least beneficial.

But it may be said, perhaps, that though a commercial treaty stipulating for some peculiar privilege, be disadvantageous to the country making the concession, it is proportionally advantageous to the one in whose favour it is made. In point of fact, however, such is not the case. Reciprocity is the beginning, the middle, and the end, of all commercial transactions. It is quite visionary to imagine that any nation will continue *bonâ fide* to grant to another an exclusive advantage, unless she obtains what she reckons a countervailing benefit; and if a commercial treaty stipulating for an exclusive privilege, be really observed on the part of the country by which it is conceded, we may be assured that the concessions made by the country in whose favour the privilege is granted are sufficient fully to balance it.

The famous commercial treaty negociated by Mr. Methuen with Portugal, in 1703, was long regarded as a masterpiece of its kind. Such, indeed, was the

estimation in which it was held in the reign of George I., that it is stated in the British Merchant, a work of great authority at the time, that a statue ought to be erected to Mr. Methuen in every considerable town in the empire! So far, however, from these encomiums being deserved, it would be difficult to point out any transaction in the history of the country that has been more injurious to its commerce than this very treaty. Previously to 1700, British woollens had been admitted at a reasonable duty into Portugal, but at the epoch of the negociation of the treaty they were excluded. The main object of Great Britain in entering into this treaty was to procure the repeal of this prohibition, which was effected, but at an enormous cost. The treaty being short and often referred to, we subjoin it:—

'I. His sacred royal majesty of Portugal promises, both in his own name and that of his successors, to admit, for ever hereafter, into Portugal, the woollen cloths and the rest of the woollen manufactures of the British, as was accustomed till they were prohibited by law; nevertheless upon this condition:

'II. That is to say, that her sacred royal majesty of Great Britain shall, in her own name and that of her successors, be obliged, for ever hereafter, to admit the wines of the growth of Portugal into Britain; so that at no time, whether there be peace or war between the kingdoms of Britain and France, anything more shall be demanded for these wines by the name of custom or duty, or by whatsoever other title, directly or indirectly, or whether they shall be imported into Great Britain in pipes or hogsheads, or other casks, than what shall be demanded for the like quantity or measure of French wines, deducting or abating a third part of the custom or duty. But if at any time this deduction or abatement of customs, which is to be made as aforesaid, shall in any manner be attempted and prejudiced, it shall be just and lawful for his sacred royal majesty of Portugal again to prohibit the woollen cloths, and the rest of the British woollen manufactures.'

A more improvident bargain on our part could not have been entered into. The repeal of the prohibition of woollens was of infinitely more importance to the Portuguese than to the English. It should also be observed that in its repeal Portugal made no peculiar concessions to us; for, though she bound herself to admit our woollen cloths on the same terms as before the prohibition, she did not bind herself to admit them on lower terms than the woollens of France, Saxony, or any other country. And in return for this pitiful boon we bound ourselves 'for ever hereafter' to drink inferior wine bought at a comparatively high price! But the influence of this treaty in increasing the cost and deteriorating the quality of wine, was, perhaps, the least of its mischievous consequences. By excluding one of the principal equivalents the French had to give in exchange for our commodities, it lessened their ability to become the purchasers of our goods, at the same time that it tempted them to adopt retaliatory measures against our trade, and either to exclude our commodities altogether, or to burden them with prohibitory duties. It is owing more to the Methuen treaty than to anything else that the trade between Great Britain and France—a trade that ought to be the most extensive of any in the world—is confined within such narrow limits as hardly to be of more importance than the trade to Sweden.

The system of charging discriminating duties on French wine began previously to the negociation of the Methuen treaty, but it perpetuated the practice. The effect of these duties in changing the national taste has been most striking. Previously to the revolution the wines of France were very extensively consumed in England, to the almost total exclusion, indeed, of all others, except sherry. In 1687 the imports of French wine amounted to 15,518 tuns; in 1688, to 14,218 tuns; and in 1689, to 11,109 tuns. It is very doubtful whether a single tun of port wine had been imported into Great Britain previously to 1690; but after the wines of France had been loaded with heavy discriminating duties, our merchants began to import the wines of Oporto as a substitute for the red wines of the Bordelais; and the same cause that originally occasioned the introduction of port having continued to operate, it ultimately gained ground, so as almost wholly to exclude the former. The beverage that was forced upon us in the first instance by necessity, has become congenial from habit. At present, indeed, the taste of the nation runs so strongly in favour of port, that it will, most probably, be a considerable time before the late equalisation of the duty materially reduces the consumption of the latter.

Mr. Hume and Dr. Smith saw and ably pointed out the injurious operation of the Methuen treaty, and exposed the absurdity of our sacrificing the trade with France to that with so poor and beggarly a country as Portugal. 'Our jealousy and hatred of France,' said Mr. Hume, 'are without bounds. These passions have occasioned innumerable barriers and obstructions on commerce, where we are commonly accused of being the aggressors. But what have we gained by the bargain? We lost the French market for our woollen manufactures, and transferred the commerce of wine to Spain and Portugal, where we buy much worse liquor at a much higher price. There are few Englishmen who would not think their country absolutely ruined, were French wines sold in England so cheap and in such abundance, as to supplant ale and other home-brewed liquors. But, could we lay aside prejudice, it would not be difficult to prove that nothing could be more innocent, perhaps more advantageous. Each new acre of vineyard planted in France, in order to supply England with wine, would make it necessary for the French to take an equivalent in English goods, by the sale of which we should be equally benefited.'—(*Essay on the Balance of Trade.*) Such, however, is the force of prejudice, that it was not till last year that the Methuen treaty was finally abolished, and an end put to the discriminating duty on French wines.

A good many, however, of the impediments that have been thrown in the way of trade between England and France must be ascribed to political jealousy and rivalry. The provinces which our Norman monarchs possessed in France, and their wild efforts to conquer that kingdom kept for a lengthened period the two countries in almost incessant hostilities. And, in more modern times, the fear with which each has not unreasonably been impressed of any accession to the power of the other, and the false estimates so frequently formed of the real sources of power, have made them, even when at peace, distrust and frown upon each other. Had either party clearly perceived their real interests, they would have seen that they could not possibly lose anything, but would most probably gain a great deal, by cultivating a friendly intercourse. But prejudice triumphed over reason: each envied the prosperity, and was disposed to take fire at the fancied encroachments of the other; and disputes about barren rocks in the Atlantic, hunting grounds in America, and jungle in the East Indies, have been the worthless pretexts for engaging in wars that have filled the whole world with bloodshed and confusion. In this respect, however, mankind is, we hope, becoming more enlightened. 'If political economy had rendered no other service to mankind than to make them just and reasonable in these matters, it would be of incalculable benefit. It has taught us that human improvement, and national prosperity, are not promoted in any particular nation by depressing others, but by aiding, encouraging, and promoting the welfare of every nation around us; that we are all in our turn customers to each other, and that no man, or nation, can become wealthy by impoverishing his customers. The richer other nations are, the more they are enabled to purchase, the cheaper they can afford to sell, the more improved they become in all the arts of living, in all intellectual acquirements, in everything desirable for other nations to imitate or improve upon; that, if other nations become powerful by our assistance, we also of necessity become wealthy and powerful by our intercourse with them; and that peace and good neighbourhood are the means of mutual happiness among nations as among individuals. Formerly these doctrines were considered as the closet dreams of philosophers ignorant of actual life. The discussions of political economy have brought them more to the understanding and feelings of practical men engaged in commerce, or engaged in legislation; and we begin to see gleams of a brighter day in consequence of the lights thus diffused.'—(*Cooper's Lectures*, p. 209.)

Mr. Pitt has the merit of being one of the first British statesmen who clearly perceived the vast advantage that would redound to Great Britain and France were they to avail themselves of their capacities for carrying on a commercial intercourse. The Count de Vergennes, then minister of France, participated in Mr. Pitt's sentiments, and negociators being appointed by both parties, a commercial treaty was agreed upon in 1786. The object of this treaty was to introduce a more liberal system into the trade between the two countries, by moderating the severity of the existing restrictions; and, by familiarising both parties with the advantages of a more extensive intercourse, to teach them to

forget their animosities, and to feel an interest in each other's welfare.

The speech made by Mr. Pitt, in vindication of this treaty, is highly deserving of attention; and whether we refer to the soundness of its general principles, or the ability with which they were enforced, can hardly be too much praised.

France,' said he, 'was, by the peculiar dispensation of Providence, gifted, perhaps, more than any other country upon earth, with what made life desirable, in point of soil, climate, and natural productions. It had the most fertile vineyards and the richest harvests. The greatest luxuries of life were produced in it with little cost, and with moderate labour. Britain was not thus blessed by nature; but, on the other hand, it possessed, through the happy freedom of its constitution, and the equal security of its laws, an energy in its enterprise, and a stability in its exertions, which has gradually raised it to a high state of commercial grandeur; and, not being so bountifully gifted by heaven, it had recourse to labour and art, by which it had acquired the ability of supplying its neighbours with all the artificial embellishments of life, in exchange for their natural luxuries. Thus standing with regard to each other, a friendly connexion seemed to be pointed out between them, instead of that state of unalterable enmity which was falsely said to be their true political feeling towards one another.'

Having triumphantly refuted the commercial arguments against the treaty, Mr. Pitt inquired, in answer to an argument inculcating constant jealousy of France, 'whether, in using the word jealousy, it was meant to recommend to this country such a species of jealousy as should induce her either madly to throw away what was to make her happy, or blindly grasp at what must end in her ruin. Was the necessity of a perpetual animosity with France so evident and pressing, that for it we were to sacrifice every commercial advantage we might expect from a friendly intercourse with that country? or was a pacific connexion between the two kingdoms so highly offensive, that even an extension of commerce could not counterpoise it? The quarrels between France and Britain had too long continued to harass, not only these two great nations themselves, but had frequently embroiled the peace of Europe; nay, they had disturbed the tranquillity of the most remote parts of the world. They had, by their past conduct, acted as if they were intended for the destruction of each other; but he hoped the time was now come, when they would justify the order of the universe, and show that they were better calculated for the more amiable purposes of friendly intercourse and mutual benevolence.'—'Considering the treaty,' he continued, 'in a political point of view, he should not hesitate to contend against the too frequently advanced doctrine, that France was, and must be, the unalterable enemy of Britain. To suppose that any nation was unalterably the enemy of another, was weak and childish. It had neither its foundation in the experience of nations, nor in the history of man. It was a libel on the constitution of political societies, and supposed diabolical malice in the original frame of man.'

Mr. Fox opposed the treaty, not so much, perhaps, because he really looked upon it as a bad measure, as from party motives. In the House of Lords, the objections to it were most ably and successfully answered by the Marquis of Lansdowne; and, in the end, it was approved by large majorities in both Houses.

At the same time, however, we should be sorry were it supposed that we look upon the treaty of 1786 as one that should be taken for a model. The negociators were too much influenced by old notions, and the treaty is incumbered with too many conditions. When a few stipulations are agreed upon for giving facility and security to the transactions of merchants, in the buying and selling of such commodities as are not prohibited, for securing their persons and properties, in the event of hostilities breaking out, for the regulation of port-charges, &c., the most seems to be done that ought to be attempted in a commercial treaty. Such a compact may, indeed, bear that the goods and ships of the one party shall be admitted to the markets and ports of the other, on the footing of the most favoured nations, that is, that they shall not be loaded with discriminating duties, but here stipulations ought to stop. All commercial treaties fixing the duties to be paid in either country are radically objectionable. Every people ought always to be able to regulate its tariff as may seem best fitted to promote its own views, without being fettered by engagements with others. It may sometimes, indeed, be expedient to transact with a

foreign country for the mutual abolition of duties or prohibitions; but this ought to be done by a convention for the particular object, the duration of which should be limited to a few years, so that, at its termination, each party may be free either to abide by it, or to enact other regulations. It is absurd to attempt to bind an independent nation to a policy which it considers injurious, by a condition in a commercial treaty, which is sure to be either openly or covertly defeated. The promotion of its own interest ought to be the object of every nation; and this will always be best done by dealing freely and liberally with others, not by grasping at oppressive privileges. 'The proper way to establish a beneficial intercourse between France and England is for *each country to form its tariff with reference only to its own real interests.* If that be done, all is done that is necessary for the advantage of both countries in their commercial dealings with each other.'—(*Sir Henry Parnell on the Commercial Intercourse between France and England.*)

The lengthened and bloody contest that broke out in 1793 deprived the two countries of the advantages they were beginning to derive from the treaty of 1786; but a new, and, we trust, a more auspicious era is now commencing. Nations are beginning to take juster and more enlarged views of their real interests. The repeal, by England, of the discriminating duty on French wine is an earnest that a better spirit is prevailing in our councils; and, we doubt not, will be imitated by the French.

Chapter VIII.

1. *Trade of Great Britain with Foreign Countries.*—2. *Decline in the Real Value of the Exports.*—3. *Causes of the Magnitude of British Commerce.*

1. *Trade of Great Britain with Foreign Countries.*—No materials exist for furnishing any estimate, on which any dependence could be placed, of the amount of the articles annually produced and disposed of at home; but the following tables give a pretty complete view of the extent of our trade with other countries.

I. ACCOUNT of the Official Value of British and Irish Produce and Manufactures, and of Foreign and Colonial Produce and Manufactures, Exported from Great Britain and Ireland; distinguishing the several Countries; together with the Imports into Great Britain and Ireland from the same Countries; for the Year ending 5th January, 1831. (Parl. Papers, No. 388, Sess. 1831.)

COUNTRIES.	TRADE OF THE UNITED KINGDOM, In the Year ended 5th January, 1830.											
	GREAT BRITAIN.											
	Official Value of Imports.			Official Value of Exports.								
				British and Irish Produce and Manufactures.			Foreign and Colonial Merchandize.			Total Exports.		
Europe:	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Russia	4,180,752	12	5	2,157,251	0	2	997,566	1	11	3,154,817	2	1
Sweden	187,711	2	8	54,726	18	3	103,490	0	5	158,216	18	8
Norway	67,859	15	5	95,794	14	3	49,772	17	10	145,567	12	1
Denmark	484,611	7	4	158,356	7	7	69,288	7	4	227,644	14	11
Prussia	1,295,569	19	1	252,576	3	8	533,590	15	5	786,166	19	1
Germany	1,597,854	1	5	8,384,262	8	1	1,829,101	14	11	10,213,364	3	0
The Netherlands	1,521,085	19	0	2,854,618	19	8	3,019,309	5	1	5,873,928	4	9
France	2,066,890	4	8	509,419	4	7	336,746	2	3	846,165	6	10
Portugal, Azores, and Madeira	373,823	16	8	2,327,862	18	9	60,940	3	1	2,388,803	1	10
Spain & the Canaries	1,074,184	17	7	1,555,518	7	0	259,219	13	0	1,814,738	0	0
Gibraltar	25,578	3	8	982,330	5	0	129,163	7	0	1,111,493	12	0
Italy	804,220	9	4	4,007,185	14	11	899,672	17	7	4,906,858	12	6
Malta	20,784	12	2	458,178	17	8	47,180	4	2	505,359	1	10
Ionian Islands	109,448	12	6	34,254	8	3	4,990	9	11	39,244	18	2
Turk. & Cont. Greece	431,062	6	2	1,393,054	18	9	83,072	8	5	1,476,127	7	2
Morea & Grk. Islands	9,657	2	2	—			—			—		
Isles Guernsey, Jersey, Alderney, and Man	273,788	9	3	304,352	14	6	98,228	9	3	402,581	3	9
	14,525,883	11	6	25,529,744	1	1	8,521,332	17	7	34,051,076	18	8

TABLE I.—(*Continued.*)

COUNTRIES.	OFFICIAL VALUE of IMPORTS.			OFFICIAL VALUE OF EXPORTS. British and Irish Produce and Manufactures.			Foreign and Colonial Merchandize.			TOTAL EXPORTS.		
EUROPE:	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
(Brought forward.)	14,525,883	11	6	25,529,744	1	1	8,521,332	17	7	34,051,076	18	8
AFRICA:												
Egypt, Ports on Medit.	223,177	8	3	132,382	12	9	795	17	2	133,178	9	11
Trip., Barb., & Moroc.	30,558	3	1	.	.	.	453	0	0	453	0	0
W. Coast of Africa	258,245	2	1	350,336	17	0	161,171	16	4	511,508	13	4
Cape of Good Hope	232,598	9	6	347,003	5	3	36,424	9	7	383,427	14	10
Cape Verde Islands	.	.	.	93	6	4	.	.	.	93	6	4
St. Helena . .	5,813	12	7	30,047	18	0	1,604	4	2	31,652	2	2
Isle of Bourbon	.	.	.	16,137	5	4	1,328	18	11	17,466	4	3
Mauritius . .	438,714	9	10	255,522	14	0	24,448	11	5	279,971	5	5
ASIA:												
East Indies & China	7,859,883	1	1	5,856,287	5	2	605,841	1	9	6,462,128	6	11
N.S.Wales, V.Diemen's Land, & Swan River	125,720	8	3	257,071	1	5	87,578	3	2	344,649	4	7
N. Zealand & S. Sea Isl.	583	0	9	826	7	11	320	4	5	1,146	12	4
AMERICA:												
British N. Colonies	881,444	4	5	1,774,069	3	6	253,914	18	3	2,027,984	1	9
British West Indies	8,501,442	10	9	4,739,048	0	7	354,076	3	1	5,093,124	3	8
Foreign West Indies	402,457	11	11	1,819,366	1	1	47,528	1	1	1,866,894	2	2
United States .	6,103,142	10	3	5,734,926	18	7	248,424	1	7	5,983,351	0	2
Mexico . .	150,386	14	2	520,402	6	2	124,124	2	1	644,526	8	3
Guatemala .	11,464	2	1	—			—			—		
Columbia .	84,595	18	9	499,815	0	3	12,879	1	9	512,694	2	0
States of Rio de la Plata	536,050	19	3	1,289,055	14	10	17,337	19	0	1,306,393	13	10
Chili . .	61,514	5	11	1,375,742	11	2	12,955	15	0	1,388,698	6	2
Peru . .	69,839	11	8	376,552	11	1	13,176	4	5	389,728	15	6
Brazil . .	1,469,015	2	9	4,566,010	4	3	76,314	7	9	4,642,324	12	0
The Whale Fisheries	361,086	8	11	6	0	0	2,173	7	7	2,179	7	7
Total . £.	42,333,617	7	9	55,470,447	5	9	10,604,203	6	1	66,074,650	11	10
IRELAND . .	1,669,400	19	3	747,441	5	5	15,964	8	2	763,405	13	7
Total Imports and Exports of United Kingdom . . .	44,003,018	7	0	56,217,888	11	2	10,620,167	14	3	66,838,056	5	5

II. ACCOUNT of the Official and of the Real or Declared Values of the Exports of British and Irish Produce and Manufactures from Great Britain, from 1798 to 1830.

Years ended 5th Jan.	Official Value of Exports.	Declared Value of Exports.	Excess of Real Value over Official Value.	Years ended 5th Jan.	Official Value of Exports.	Declared Value of Exports.	Excess of Real Value over Official Value.
1799	£18,556,891	31,252,836	12,695,945	1818	£39,233,467	40,349,235	1,115,768
1800	22,284,941	35,903,850	13,618,909	1819	41,960,555	45,180,150	3,219,595
1801	22,831,936	36,929,007	14,097,071	1820	32,983,689	34,252,251	1,268,562
1802	24,501,608	39,730,659	15,229,051				
1803	25,195,893	45,102,330	19,906,437				Excess of Official Value over Real Value.
1804	20,042,596	36,127,787	16,085,191				
1805	22,132,367	37,135,746	15,003,379				
1806	22,907,371	37,234,396	14,327,025				
1807	25,266,546	39,746,581	14,480,035				
1808	22,963,772	36,394,443	13,430,671	1821	37,820,293	35,569,077	2,251,216
1809	24,179,854	36,306,385	12,126,531	1822	40,194,681	35,823,127	4,371,554
1810	32,916,858	46,049,777	13,132,919	1823	43,558,488	36,176,897	7,381,591
1811	33,299,408	47,000,926	13,701,518	1824	43,166,039	34,589,410	8,576,629
1812	21,723,532	30,850,618	9,127,086	1825	48,024,952	37,600,021	10,424,931
1813	28,447,912	39,334,526	10,886,614	1826	46,453,022	38,077,330	8,375,692
1814	. .	Records destroyed by fire.		1827	40,332,854	30,847,528	9,485,326
1815	33,200,580	43,447,373	10,246,793	1828	51,279,102	36,394,817	14,884,285
1816	41,712,002	49,653,245	7,941,243	1829	52,019,728	36,150,379	15,869,349
1817	34,774,521	40,328,940	5,554,419	1830	55,465,723	35,212,873	20,252,850

III. ACCOUNT of the Quantities of the Principal Articles of Foreign and Colonial Merchandise imported and retained for Home Consumption, and also the Quantity exported, in the year 1830 (fractional quantities omitted.)

		Quantities imported.	Retained for Home Consumption.	Quantities exported.
Ashes, pearl and pot	cwts.	162,258	143,657	19,780
Barilla	do.	165,338	236,563	—
Bark, oak, and cork tree	do.	1,009,816	1,004,070	—
Brimstone, rough	do.	302,038	313,766	—
Bristles	lbs.	1,715,488	1,695,083	—
Butter	cwts.	148,139	147,951	—
Cassia lignea	lbs	817,968	62,252	795,242
Cheese	cwts.	168,900	166,484	—
Cinnamon	lbs.	544,225	29,720	386,108
Cloves	do.	36,071	48,638	57,904
Cochineal	do.	288,456	127,954	153,738
Cocoa-nuts	do.	3,209,933	393,847	1,674,613
Coffee	do.	39,071,215	19,466,028	23,023,410
Copper, unwrought	cwts.	10,267	14	13,743
Cork, unmanufactured	do.	46,494	45,636	—
Corn:—				
Wheat	qrs.	1,544,969	1,267,914	52,190
Barley	do.	281,713	202,405	10,297
Oats	do.	541,858	192,889	58,635
Rye	do.	65,910	65,331	7,861
Pease and beans	do.	82,139	96,513	2,345
Wheat-meal and flour	cwts.	461,895	337,065	70,652
Cortex Peruvianus or Jesuits' bark	lbs.	405,552	103,695	296,382
Cotton, piece goods of India, not printed	pieces	1,403,397	value £44,883	614,085
Cottons, printed	sq. yds.	131,420	2,873	171,969
Currants	cwts.	119,927	114,076	—
Dye and hard woods:—				
Fustic	tons	7,364	6,006	—
Logwood	do.	13,893	8,851	6,226
Mahogany	do.	19,335	16,546	—
Elephants' teeth	cwts.	4,345	3,605	—
Figs	do.	21,938	19,702	—
Flax and tow, and codilla of hemp, &c.	do.	922,039	909,709	—
Furs:—				
Bear	number	12,583	884	14,227
Beaver	do.	76,427	68,665	—
Fitch	do.	278,740	278,846	—
Martin	do.	151,937	121,741	49,712
Mink	do.	77,361	34,109	—
Musquash	do.	1,070,016	491,978	281,347
Nutria	do.	618,187	629,170	—
Gitter	do.	14,862	857	14,751
Onger	cwts.	11,007	5,947	11,209
Gum:—				
Arabic	do.	8,232	17,249	2,049
Lac-dye	lbs.	594,494	462,988	26,763
Shell-lac	do.	703,886	316,070	446,598
Hats, straw	number	160,195	234,254	—
Hemp, undressed	cwts.	374,932	422,121	—
Hides, untanned	do.	286,416	231,874	—
Indigo	lbs.	6,748,281	2,113,830	4,286,605
Iron in bars	tons	15,720	13,067	3,024
Lead, pig	do.	1,508	35	1,700
Leather gloves	pairs	865,157	837,208	—
Lemons and Oranges:—				
Packages not exceeding 5000 cubic inches		53,215	48,921	—
Ditto above 5000, and not exceeding 7300		130,946	130,348	—
Ditto above 7300, and not exceeding 14,000		67,336	65,669	—
Linens,—Cambrics, &c.	pieces	40,778	41,224	—

	Quantities imported.	Retained for Home Consumption.	Quantities exported.
Linens, plain and diaper:—			
Entered by the ell . . . . . ells	372,697	—	451,533
Entered by the piece . . . . . pieces	31,638	—	30,175
Entered by the square yard . . . sq. yds.	138,458	692	124,200
Entered at value . . . . . £.	4,031	6,674	1,144
Liquorice juice . . . . . cwts.	4,440	5,795	—
Mace . . . . . lbs.	6,841	14,254	20,106
Madder . . . . . cwts	70,017	69,658	—
Madder root . . . . . do	33,541	39,804	—
Molasses . . . . . do.	394,432	386,142	—
Nutmegs . . . . . lbs.	38,868	113,273	47,913
Oil:—			
Castor . . . . . lbs.	396,104	293,028	—
Olive . . . . . gallons	1,153,834	1,334,758	—
Palm . . . . . cwts.	179,945	175,393	—
Train—Blubber . . . . . tuns	5,754	5,754	—
Spermaceti . . . . . do.	5,571	5,694	—
Not blubber or spermaceti . . do.	11,974	9,047	—
Opium . . . . . lbs.	48,634	23,970	41,919
Pepper . . . . . do.	2,015,184	1,933,641	2,962,063
Pimento . . . . . do.	3,599,268	339,013	2,732,493
Prunes . . . . . cwts.	6,283	6,245	—
Quicksilver . . . . . lbs.	635,905	162,816	575,552
Raisins . . . . . cwts.	145,750	121,737	—
Rhubarb . . . . . lbs.	146,881	33,673	91,738
Rice . . . . . cwts.	222,547	116,854	95,584
Rice in the husk . . . . . bushels	293,354	222,472	—
Safflower . . . . . cwts.	4,623	4,370	—
Sago . . . . . do.	486	4,026	—
Saltpetre . . . . . do.	176,489	155,095	34,537
Sarsaparilla . . . . . lbs.	228,164	104,679	—
Seeds:—			
Clover . . . . . cwts.	40,529	88,662	—
Flax and Linseed . . . . bushels	2,052,258	1,899,936	—
Rape . . . . . do.	378,304	375,162	—
Tares . . . . . do.	87,101	101,160	—
Senna . . . . . lbs.	187,492	122,601	—
Shumac . . . . . cwts.	80,191	78,874	—
Silk:—			
Raw and waste . . . . . lbs.	3,594,754	2,601,516	221,412
Thrown . . . . . do.	211,179	168,985	26,715
Manufactures of Europe . . . do.	132,313	121,584	6,909
——— India, viz.:—			
Bandanas, Romals, &c. . . . pieces	99,393	67,465	79,886
Crape in pieces . . . . . do.	53	Before July 5, lbs. 7,675	602
Crape scarfs, shawls, &c. . . number	70,299	After July 5, £5,926	13,981
Taffaties, damasks, &c. . . . pieces	9,052		4,064
Skins:—			
Calf and kid, untanned . . . cwts.	43,764	43,046	—
Deer, undressed . . . . . number	123,276	36,314	101,387
Goat, undressed . . . . . do.	306,579	182,062	113,724
Kid, undressed . . . . . do.	106,319	107,513	—
——, dressed . . . . . do.	591,094	591,091	—
Lamb, undressed . . . . . do.	1,888,487	1,887,891	—
Seal, undressed . . . . . do.	289,541	262,446	—
Smalts . . . . . lbs.	376,675	353,468	—
Spelter . . . . . cwts.	84,603	12,430	79,279
Spirits:—			
Rum . . . . . proof gallons	6,938,426	3,375,866	1,644,663
Brandy . . . . . do.	1,994,649	1,300,746	661,097
Geneva . . . . . do.	177,847	37,146	148,176
Sugar, unrefined . . . . . cwts.	4,856,393	3,539,821	297,912
Tallow . . . . . do.	1,177,908	1,024,993	—

		Quantities imported.	Retained for Home Consumption.	Quantities exported.
Tar	lasts	5,812	6,492	—
Tea	lbs.	30,544,404	29,495,205	251,971
Timber:—				
Battens and Batten ends	great hundreds	11,149	11,065	—
Deals and Deal ends	do.	51,587	51,890	—
Lathwood	fathoms	10,386	10,282	—
Masts, yards, &c., under 12 inches diameter	number	13,475	13,676	—
Ditto, 12 inches and above	do.	4,803	5,591	—
Oak-plank, 2 inches thick or upwards	loads	1,433	1,551	—
Staves	great hundreds	95,953	89,009	—
Teak	loads	16,924	16,835	—
Timber, 8 inches square or upwards	do.	549,259	541,565	—
Wainscot logs, ditto	do.	4,221	3,407	—
Tin	cwts.	2,674	2	2,581
Tobacco, unmanufactured	lbs.	22,399,335	18,819.021	7,369,749
Tobacco, manufactured, and snuff	do.	169,634	66,743	27,813
Turpentine, not worth more than 12*s.* per cwt.	cwts.	262,832	277,509	—
Valonia	do.	111,391	110,773	—
Wax, bees'	do.	11,699	6,568	—
Whale-fins	do.	13,305	12,876	—
Wool, cotton	lbs.	222,767,767	204,097,037	30,289,115
Wool, sheep's	do.	21,525,542	22,614,550	406,566
Wine:—				
Cape	gallons	967,363	579,744	20,162
French	do.	498,320	365,336	109,292
Portugal	do.	2,405,342	2,682,084	246,670
Spanish	do.	2,841,030	1,964,162	442,881
Madeira	do.	320,581	229,392	168,446
Canary	do.	199,026	101,699	115,640
Rhenish	do.	85,858	76,396	9,153
Other sorts	do.	300,677	218,839	85,366
Yarn, linen, raw	cwts.	29,646	29,645	—
Zaffa	lbs.	158,026	157,085	—

2. *Decline in the Real Value of the Exports.*—The increase in the official, and the decline in the real or declared value of the exports, since 1815, has given rise to a great deal of irrelevant discussion. It has been looked upon as a proof that our commerce is daily becoming less prosperous, whereas, in point of fact, a precisely opposite conclusion should be drawn from it. We have already stated, that the rates according to which the official values of the exports are determined, were fixed so far back as 1C96, so that they have long ceased to be of importance, as affording any criterion of their actual value, their only use being to show the fluctuations in the *quantities* exported. To remedy this defect, a plan was formed, during the early part of Mr. Pitt's administration, for keeping an account of the *real* value of the exports, as ascertained by the declarations of the exporters. Those who contend that our trade is getting into a bad condition, argue that the great increase in the official value of the exports since 1815, shows that the *quantity* of the articles exported has been proportionally augmented; while the fall in their real value shows that we are selling this larger quantity for a smaller price, a result which they affirm is most injurious. But the circumstance of a manufacturer, or a merchant, selling a large or a small quantity of produce at the same price, affords no criterion by which to judge as to the advantage or disadvantage of the sale; for, if in consequence of improvements in the arts, or otherwise, a particular article may now be produced for half the expense that its production cost ten or twenty years ago, it is obvious that double the quantity of it may be afforded at the same price, without injury to the producers. Now, this is the case with some of the most important articles exported from England. Cottons, and cotton-twist, form a full half,

or more, of our entire exports; and, since 1814, there has been an extraordinary fall in the price of these articles, occasioned partly by cotton wool having fallen from about 1*s.* 6*d.* per lb. to about 7*d.* per lb., but more by improvements in the manufacture. To such an extent have these causes operated, that yarn, No. 40, which cost, in 1812, 2*s.* 6*d.*, cost, in 1830, 1*s.* 2½*d.*; in 1812, No. 60 cost 3*s.* 6*d.*, in 1830 it cost 1*s.* 10½*d.*; in 1812, No. 80 cost 4*s.* 4*d.*, in 1830 it cost 2*s.* 6¾*d.*, and so on; and in the weaving department the reduction has been similar. Hence, while the official value of the exports of cotton goods and twist has increased from about 18,000,000*l.* in 1814, to about 37,000,000*l.*, in 1830, their declared value has sunk from about 20,000,000*l.* at the former period, to about 16,000,000*l.* at the latter. Surely, however, this is, if anything can be, a proof of increasing prosperity: it shows that we can now export, and sell with a profit, (for, unless such were the case, does any one imagine the exportation would continue?) nearly double the quantity of cotton goods and yarn we exported in 1814, for about the same price. In so far, therefore, as an abundant and cheap supply of cottons may be supposed to increase the comforts of society, it is plain they must be about double, not in this country only, but in all those countries to which we export.—(*M'Culloch's Dictionary of Commerce*, Article COTTON.)

Owing to the fall that has taken place in the prime cost, and consequently in the price, of most of the principal articles of import, we obtain, at this moment, a much larger quantity of the produce of other countries in exchange for the articles we send abroad, than at any former period. The fall has been particularly sensible in the great articles of sugar, sheep's-wool, cotton-wool, corn, indigo, pepper, &c. The imports of all sorts of foreign merchandise have been increasing rapidly since 1815; and it is material to bear in mind, that we had no gold coin in circulation at that epoch, and that, besides the greater quantities of other articles, we have imported, in the intervening period, an extra supply of from 40 to 50,000,000*l.* of gold and silver. The truth is, therefore, that, instead of the decline in the real value of our exports having been in any degree prejudicial, it has been, in all respects, distinctly and completely the reverse. It has ensured for our goods a decided superiority in every market, while, as the cost of the articles has fallen in an equal degree, their production continues equally advantageous. It appears, too, that a similar fall has been going on in other countries; that if we send more goods to the foreigners, they send us more of theirs in return. Instead of being an evidence of decline, increased facilities of production and increased cheapness are the most characteristic and least equivocal marks of commercial prosperity.

3. *Causes of the Magnitude of British Commerce.*—The immediate cause of the rapid increase and vast magnitude of the commerce of Great Britain is, doubtless, to be found in the extraordinary improvements, and consequent extension, of our manufactures since 1770. The cotton manufacture may be said to have grown up during the intervening period. It must also be borne in mind, that the effect of an improvement in the production of any article in considerable demand is not confined to that particular article, but extends itself to others. Those who produce it according to the old plan, are undersold unless they adopt the same or similar improvements; and the improved article, by coming into competition with others for which it may be substituted, infuses new energy into their producers, and impels every one to put forth all his powers, that he may either preserve his old, or acquire new advantages. The cotton manufacture may be said to be the result of the stupendous inventions and discoveries of Hargraves, Arkwright, Crompton, and a few others; but we should greatly underrate the importance of their inventions, if we supposed that their influence was limited to this single department. They imparted a powerful stimulus to every branch of industry. Their success, and that of Watt and Wedgwood, gave that confidence to genius so essential in all great undertakings. After machines had been invented for spinning and weaving cottons whose fineness emulates the web of the gossamer, and steam-engines had been made 'to engrave seals, and to lift a ship like a bauble in the air,' everything seemed possible—*nil arduum visum est.* And the unceasing efforts of new aspirants to wealth and distinction, and the intimate connexion of the various arts and sciences, have extended and perpetuated the impulse given by the

invention of the spinning-frame and the steam-engine.

The immense accumulation of capital that has taken place since the close of the American war has been at once a cause and a consequence of our increased trade and manufactures. Those who reflect on the advantages which an increase of capital confers on its possessors can have no difficulty in perceiving how its increase operates to extend trade. It enables them to buy cheaper, because they buy larger quantities of goods, and pay ready money; and, on the other hand, it gives them a decided superiority in foreign markets where capital is scarce, and credit an object of primary importance with the native dealers. To the manufacturer, an increase of capital is of equal importance, by giving him the means of constructing his works in the best manner, and of carrying on the business on such a scale as to admit of the most proper distribution of whatever has to be done among different individuals. These effects have been strikingly evinced in the commercial history of Great Britain during the last half century; and thus it is, that capital, originally accumulated by means of trade, gives, in its turn, nourishment, vigour, and enlarged growth to it.

The improvement that has taken place in the mode of living during the last half century has been partly the effect, and partly the cause, of the improvement of manufactures, and the extension of commerce. Had we been contented with the same accommodations as our ancestors, exertion and ingenuity would long since have been at an end, and routine have usurped the place of invention. Happily, however, the desires of man vary with the circumstances under which he is placed, extending with every extension of the means of gratifying them, till, in highly civilised countries, they appear almost illimitable. This endless craving of the human mind, its inability to rest satisfied with previous acquisitions, combined with the constant increase of population, renders the demand for new inventions and discoveries as intense at one period as at another, and provides for the continued advancement of society. What is a luxury in one age, becomes a necessary in the next. The fact of Queen Elizabeth having worn a pair of silk stockings was reckoned deserving of notice by contemporary historians; while, at present, no individual, in the rank of a gentleman, can go to dinner without them. The lower classes are continually pressing upon the middle; and these, again upon the higher; so that invention is racked, as well to vary the modes of enjoyment, as to increase the amount of wealth. That this competition should be, in all respects, advantageous, is not to be supposed. Emulation in show, though the most powerful incentive to industry, may be carried to excess; and has certainly been ruinous to many individuals, obliged sometimes, perhaps, by their situation, or seduced by example, to incur expenses beyond their means. We have already pointed out the peculiarly destructive influence of improvident expenditure on the circumstances and condition of merchants; but the abuse, even when most extended, as it probably is in England, is, after all, confined within comparatively narrow limits; while the beneficial influence resulting from the general diffusion of a taste for improved accommodations adds to the science, industry, wealth, and enjoyments of the whole community.

We are also inclined to think that the increase of taxation, during the late war, contributed to the improvement of manufactures, and the extension of trade. The gradually increasing pressure of the public burthens stimulated the industrious portion of the community to make corresponding efforts to preserve their place in society; and produced a spirit of invention and economy that we should have in vain attempted to excite by any less powerful means. Had taxation been very oppressive, it would not have had this effect; but it was not so high as to produce either dejection or despair, though it was, at the same time, sufficiently heavy to render a considerable increase of exertion and parsimony necessary, to prevent it from encroaching on the fortunes of individuals, or, at all events, from diminishing the rate at which they were previously accumulating. To the excitement afforded by the desire of rising in the world, the fear of falling superadded an additional and powerful stimulus; and the two together produced results that could not have been produced by the unassisted operation of either. We do not think that any evidence has been, or can be, produced to show, that the capital of the country would have been materially greater than it is, had the tranquillity of Europe been maintained uninterrupted from 1793 to the present moment.

We do not state these circumstances in order to extenuate the evils of war, or of oppressive taxation; but merely to show the real influence of taxation on industry, when gradually augmented and kept within reasonable bounds. Under such circumstances, it has the same influence on a nation that an increase of his family, or of his unavoidable expenses, has on a private individual.

But after every fair allowance has been made for the influence of the causes above stated, and others of a similar description, still it is abundantly certain that a liberal system of government, affording full scope for the expansion and cultivation of every mental and bodily power, and securing all the advantages of superior talent and address to their possessors, is the grand *sine qua non* of commercial and manufacturing prosperity. Where oppression and tyranny prevail, the inhabitants, though surrounded by all the means of civilization and wealth, are invariably poor and miserable. In respect of soil, climate, and situation, Spain has a decided advantage over Great Britain; and yet, what a miserable contrast does she present, when compared with England! The despotism and intolerance of her rulers, and the want of good order and tranquillity, have extinguished every germ of improvement in the Peninsula, and sunk the inhabitants to the level of the Turks and Moors. Had a similar political system been established in England, we should have been equally depressed. Our superiority in science, arts, and arms, though promoted by subsidiary means, is, at bottom, the result of *freedom* and *security*—freedom to engage in every employment, and to pursue our own interest in our own way, coupled with an intimate conviction, derived from the nature of our institutions, and their opposition to every thing like arbitrary power, that acquisitions, when made, may be securely enjoyed or disposed of. These form the grand sources of our wealth and power. There have only been two countries, Holland and the United States, which have, in these respects, been placed under nearly the same circumstances as England; and, notwithstanding they inhabit a morass, defended only by artificial mounds, from being deluged by the ocean, the Dutch have long been, and still continue to be, the most prosperous and opulent people of the continent; while the Americans, whose situation is more favourable, are advancing in the career of improvement with a rapidity hitherto unknown. In Great Britain we have been exempted, for a lengthened period, from foreign aggression and intestine commotion; the pernicious influence of the feudal system has long been at an end; the same equal burthens have been laid on all classes; we have enjoyed the advantage of liberal institutions, without any material alloy of popular licentiousness or violence; our intercourse with foreign nations, though subjected to many vexatious restraints, has been comparatively free; full scope has been given to the competition of the home producers; the highest offices have been open to deserving individuals; and, on the whole, the natural order of things has been less disturbed amongst us by artificial restraints than in most other countries. But without security, no degree of freedom would have been of material importance. Happily, however, every man has felt satisfied, not only of the temporary, but of the permanent tranquillity of the country, and of the stability of its institutions. The plans and combinations of the capitalists have not been affected by misgivings as to what might take place in future. Monied fortunes have not been amassed in preference to others, because they might be more easily sent abroad in periods of confusion and disorder; but all individuals have unhesitatingly engaged, whenever an opportunity offered, in undertakings of which a remote posterity was alone to reap the benefit. No one can look at the immense sums expended upon the permanent improvement of the land, on docks, warehouses, canals, &c., or reflect for a moment on the settlements of property in the funds, and on the extent of our system of life insurance, without being deeply impressed with the vast importance of that confidence which the public have placed in the security of property, and the good faith of government. Had this confidence been imperfect, industry and invention would have been paralysed; and much of that capital which feeds and clothes the industrious classes would never have existed. The preservation of this security entire, both *in fact and in opinion*, is essential to the public welfare. If it be anywise impaired, the colossal fabric of our prosperity will crumble into dust; and the commerce of London, Liverpool,

and Glasgow, like that of Tyre, Carthage, and Palmyra, will, at no very remote period, be famous only in history.

Chapter IX.

English legislation with respect to Aliens — Conditions under which Aliens at present reside in the Kingdom—Policy of these Conditions.

Though most commonly overlooked by writers on commerce, the regulations as to the residence of aliens or foreigners visiting a country have a material influence on its trade and on the arts carried on in it. We need, therefore, make no apology for submitting a few statements as to this important subject.

The English legislation, with respect to aliens, has fluctuated, according as enlarged and liberal, or as narrow and selfish views of national policy have predominated. It is worthy of remark, that a clause is inserted in Magna Charta, which has the encouragement of commerce for its object; and which bears, that 'all merchants (if they were not openly prohibited before) shall have safe and sure conduct to depart out of and to come into England, to reside in and go through England, as well by land as by water; to buy and sell without any manner of evil tolls, by the old and rightful customs, except in time of war; and if they be of a land making war against us, and such be found in our nation at the beginning of the war, they shall be attached without harm of body or goods, until it be known unto us, or our chief justice, how our merchants be entreated in the land making war against us; and if our merchants be well entreated there, shall be so likewise here.'

But notwithstanding this clause, and the efficient support very frequently afforded by our kings and nobles to foreign merchants and artizans, they have, generally speaking, been the objects of popular hatred. A prejudice against foreigners seems, indeed, to be indigenous to all rude, or imperfectly civilised nations. The early Greeks and Romans regarded strangers as a species of enemies, with whom, though not actually at war, they maintained no sort of friendly intercourse. *Hostis apud antiquos peregrinus dicebatur*, says Poponius Festus. (See also Cicero de Officiis, lib. i., cap. 12.) Until the era of Edward I. the stipulation in the Great Charter as to foreign merchants seems to have been little attended to. It is doubtful whether, previously to his reign, they could either hire houses of their own, or deal except through the medium of some Englishman. But this intelligent prince saw the advantage that would result to the trade and industry of his subjects from the residence and intercourse of Germans, Flemings, Italians, and other foreigners, who, at that time, were very superior to the English in most branches of manufactures and commerce. He, therefore, exerted himself to procure a repeal of some of the more oppressive restrictions on aliens, and gave them a charter which conveyed considerable privileges*. Down, however, to the reign of Edward III., it continued to be customary to arrest one stranger for the debt, and even to punish him for the crimes and misdemeanours of others! It may appear extraordinary that the gross injustice of this barbarous regulation ever permitted it to be adopted; and yet it was probably, at one period, the common law of most European states. As soon, however, as the foundations of good order and civilisation began to be laid, its operation was seen to be most pernicious. In 1325, Edward II. entered into a convention with the Venetians, in which it was expressly stipulated that they should have full liberty to come to England to buy and sell commodities, without being liable for the debts or crimes of others. Conventions to the same effect were entered into with other foreigners. At length, in 1353, this disgraceful practice was put an end to by 27 Edward III., stat. ii., cap. 17; it being provided in this statute, not only that no stranger shall be impeached for the trespass or debt of another, but that in the event of a war breaking out with any foreign power, its subjects, residing amongst us, shall be warned thereof by proclamation, and be allowed forty days to arrange their affairs, and to depart out of the kingdom; and that, under special circumstances,

* This charter was confirmed by Edward III. in 1328. Among other clauses, it has the following, viz.: 1st. That on any trial between foreigners and Englishmen, the jury shall be half foreigners; 2nd. That a proper person shall be appointed in London to be justiciary for foreign merchants; and 3rd. That there shall be but one weight and measure throughout the kingdom. Anderson, Anno 1302.

n may be extended. There are s in the statute-book that re- ore credit on their proposers, have been more advantageous s.

ps, however, the reign of Ed- I. is, in a commercial point of ill more remarkable, from its ne era of very great improve- n the woollen manufacture. In dward, judiciously availing him- some discontents amongst the turers in Flanders, invited them England. Historians mention extensive manufacturer, of the John Kemp, was the first who this invitation. Having come ith his workmen and appren- was most graciously received king, who took him under his te protection; and published a ation, promising the like recep- all foreign weavers, dyers, and who should come and settle in . In consequence about se- milies of Flemish manufacturers to have come over in the course ame year; and these were fol- many more during the subse- ears of King Edward's reign. ise and politic measures were, , exceedingly unpopular. The rs were openly insulted, and es endangered in London and rge towns; and a few of them equence returned to Flanders. ard was not to be driven from ose by an unfounded clamor of . A proclamation was issued, every person accused of dis- or attacking the foreign weavers ered to be committed to New- nd threatened with the utmost of punishment. In a parlia- ld at York, in 1335, an act was or the better protection and se- f foreign merchants and others, h penalties were inflicted on all re them any disturbance. This have had the effect, for a while, of preventing any outrages.

orporations of London, Bristol, r great towns, have been at all e principal enemies to the im- on of foreigners. Perhaps, in- ey were not more hostile to them such of their own countrymen, g to another part of the king- should have attempted to settle t them without being free of rporation. But in denouncing rs they had the national preju- dice on their side; and their attempts to confirm and extend their monopolies by their exclusion, were regarded as the noblest efforts of patriotism! Edward III. was fully aware of the real motives by which they were actuated, and steadily resisted their pretensions. But in the reigns of his successors they succeeded better: some of these were feeble and unfortunate, while others enjoyed the crown only by a disputed title, and in defiance of powerful competitors. The support of the great towns was of the utmost consequence to such princes, who, whatever might be their own opinion as to its policy, could hardly venture to resist the solicitations of such powerful bodies to exclude strangers, and to impose restrictions on commerce. From the death of Edward III. to the reign of Elizabeth, the progress made by the country was not inconsiderable, but it was little promoted by legislative enactments. Throughout the whole of this period, the influence of corporations seems to have predominated in all matters relating to trade and the treatment of foreigners; and our legislation partook of the selfish, monopolising character of the source whence it was principally derived. Were the acts and proceedings as to aliens the only extant memorials of our policy from 1377 to 1560, we should certainly seem to have retrograded materially during the interval. Some of these acts were passed with so little consideration, and were so very absurd, that they had to be immediately repealed. Of this sort was the statute of the 8 Henry VI. cap. 24, to the effect, 'That no Englishman shall within this realm sell, or cause to be sold, hereafter, to any merchant alien, any manner of merchandises, but only for ready payment in hand, or else in merchandises for merchandises, to be paid and contented in hand, upon pain of forfeiture of the same.' But as an enactment of this sort was very speedily found to be more injurious to ourselves than to the foreigner, it was repealed in the following sessions.

The more tyrannical their conduct in other respects, the more were our princes disposed to humour the national prejudice against foreigners. If not a cheap, it was, at least, an easy method of acquiring popularity. In the very first parliament after the accession of Richard III., a statute was passed full of the most ridiculous, contradictory, and unfounded allegations as to the injury

sustained by the influx of foreigners, and laying them under the most oppressive restraints. Considering, indeed, the sort of treatment to which aliens were then exposed, it may excite surprise that they should have thought of visiting the country; and, in point of fact, it appears that the resort of foreign merchants to our ports was materially impaired by the statutes referred to, and others of the same description. This is evident from the act 19 Henry VII. cap. 6, where it is stated that 'woollen cloth is not sold or uttered as it hath been in divers parts,' and that 'foreign commodities and merchandises are at so dear and exceeding high price, that the buyer cannot live thereon.' But in despite of this authoritative exposition of the mischiefs arising from the restraints on aliens, and on trade, they were both increased in the reign of Henry VIII. And it was not till the reign of Elizabeth that the pretensions of the corporations seem to have been disregarded, and an attempt made to act, not by starts, but consistently, on the policy of Edward III.

The influx of foreigners during the reign of Elizabeth was occasioned chiefly by the persecutions of the Duke of Alva and the Spaniards in the Low Countries. The friends of the reformed religion, which, at the time, was far from being firmly established, and the government, were glad to receive such an accession of strength; and from the superiority of the Flemings in commerce and manufactures, the immigrants contributed materially to the improvement of the arts in England. It would seem, however, that the ministers of Elizabeth contented themselves, perhaps that they might not excite the public prejudice, with declining to enforce the laws against aliens, without taking any very active steps in their favour.

In the reign of James I. the corporation of London renewed with increased earnestness their complaints of aliens. In 1622 a proclamation was issued, evidently written by James himself, in which, under pretence of keeping 'a due temperament' between the interests of the complainants and those of the foreigners, he subjects the latter to fresh disabilities.

Since the revolution more enlarged and liberal views as to the conduct to be followed with respect to aliens have continued to gain ground: several of the restraining statutes have fallen into disuse, while others have been modified by the interference courts, which have generally clined to soften their severity, more offensive provisions ar inoperative. Attempts have ally been made to pass an a general naturalization of foreig tants, and the policy of such a was ably vindicated by Dean T two celebrated tracts publishe and 1752*. But no such st hitherto been passed, and a continue subject to various d The principal of these regard session of fixed property. I that lands purchased by an al own use, may be seized by ' If,' says Blackstone, 'he cou a permanent property in lands owe an allegiance, equally with that property, to the kin land; which would probably sistent with that which he ow own natural liege lord: bes thereby the nation might i subject to foreign influence many other inconveniences. by the civil law such contr made void, but the prince ha advantage of forfeiture therel us in England.'—(*Commentar* Cap. 10.)

An alien cannot take a ben out the king's consent, nor c joy a place of trust, or take lands from the crown. Al however, acquire property goods, or other personal e may have houses for the p their habitation, and for carryi business. They may bring to their personal effects, and m of them by will. The *droit* (*jus albinatus*, i.e. *alibi natu* right of the crown to succe effects of an alien at his long the custom in France, tained in England. If an ali die intestate his whole prope distributed according to the country where he resided; bu sidence must have been stati not occasional, otherwise t municipal regulations will no the property.

The reasons assigned by M Blackstone and others for aliens from acquiring fixed

* Historical Remarks on the late N Bill, 1751; Queries occasioned by t ralization Bill, 1752.

seem to be very unsatisfactory. In small states there might be grounds, perhaps, for fearing lest the easy admission of aliens to the rights of citizenship should give them an improper bias; but in a country like England, such apprehensions would be quite futile. In this respect the example of Holland seems quite decisive. Notwithstanding the comparatively limited population of that country, it was 'the constant policy of the republic to make Holland a perpetual, safe, and secure asylum for all persecuted and oppressed strangers; no alliance, no treaty, no regard for, nor solicitation of any potentate whatever has at any time been able to weaken or destroy, or make the state recede from protecting, those who have fled to it for their own security and self-preservation*.'

A short residence in the country, and a small payment to the state, was all that was required in Holland to entitle a foreigner to every privilege enjoyed by a native. It is of importance to remark, that it has not been so much as insinuated that this liberal conduct was in any instance productive of a mischievous result. On the contrary, all the highest authorities consider it as one of the main causes of the extraordinary progress made by the republic in wealth and commerce. It is said in the official paper just quoted, that "Throughout the whole course of all the persecutions and oppressions, that have occurred in other countries, the steady adherence of the republic to this fundamental law has been the cause that many people have not only fled hither for refuge, with their whole stock in ready cash, and their most valuable effects, but have also settled and established many trades, fabrics, manufactures, arts, and sciences, in this country; notwithstanding the first materials for the said fabrics and manufactures were almost wholly wanting in it, and not to be procured but at a great expense from foreign parts †."

With such an example to appeal to, we are warranted in affirming that nothing can be more ridiculous than to suppose that any number of foreigners which it is at all likely should ever come to England, under the most liberal system, could occasion any political inconvenience; and in all other respects their immigration would be advantageous. A general naturalization act would, therefore, as it appears to us, be a wise and politic measure. It might be enacted that those only who had resided three or four years in the country, and given proofs of their peaceable conduct, should be entitled to participate in its advantages.

* Proposals for amending the Trade of Holland, printed by Authority. Lond. 1751.

† Ibid. in *loc. cit.*

Chapter X.

Remarks on the Progress of Commerce and Industry in England, from the accession of Edward I. to the death of Elizabeth.

§ 1. *Progress of Commerce and Industry in England from the accession of Edward I. to the accession of Henry VII.*—Dr. Robertson has remarked, that the early progress of commerce in England gave no earnest of the vast extent to which it was destined to arrive. Its growth was at first extremely slow. During the Saxon Heptarchy, England, split into many kingdoms, which were perpetually at variance with each other, exposed to the fierce invasions of the Danes and other northern pirates, and sunk in barbarity and ignorance, was in no condition to cultivate commerce, or to pursue any system of useful and salutary policy. When a better prospect began to open by the union of the kingdom under one monarch, the Norman conquest took place. This occasioned such a sudden and total revolution in the state of property as has hardly been paralleled in any other country. The conqueror divided almost the whole kingdom among his followers; and the disorders incident to the establishment of the feudal system, the oppressive and rapacious conduct of the great barons, many of whom possessed almost regal power, and the enslaved and degraded condition of the mass of the people, prevented all but the rudest and most indispensable species of industry from being attempted.

The great charter, extorted in 1215 by the barons from King John, established, for the first time, principles to which all men could appeal; and which were hostile alike to the violence of the crown and of the nobles. From this period the constitution began to acquire stability; and the English and Normans having gradually coalesced, became, in the thirteenth century, one people. Industry began to revive, and was prose-

cuted with an energy previously unknown, during the reign of Edward I. Though many of the measures of this able prince were strongly marked with the prevalent prejudices of the time, his administration is, on the whole, entitled to very high praise. 'He considered,' says Hume, 'the great barons both as the immediate rivals of the crown, and the oppressors of the people; and he proposed by an exact distribution of justice, and a rigid execution of the laws, to give at once protection to the superior orders of the state, and to diminish the arbitrary power of the great, on which their dangerous authority was chiefly founded. Making it a rule of his own conduct to observe, except on extraordinary occasions, the privileges secured to them by the great charter, he acquired a right to insist upon their observance of the same charter towards their vassals and superiors; and he made the crown be regarded by all the quality and commonalty of the kingdom, as the great fountain of justice, and the general asylum against oppression. Besides making several excellent statutes, in a Parliament which he summoned at Westminster, he took care to inspect the conduct of all his magistrates and judges, to displace such as were either negligent or corrupt, to provide them with sufficient force for the execution of justice, to root out all bands and confederacies of robbers, and to repress those more silent robberies, which were committed either by the power of the nobles, or under the countenance of public authority. By this rigid administration the face of the kingdom was soon changed; and order and justice took place of violence and oppression.'—(*Hist. of England*, chap. 13.)

Previously to the reign of Edward I., there seems to have been no legal process for the recovery of debts due to merchants or traders. But in 1285 (13th Edward I.), a statute was passed for enabling merchants, as well in fairs and markets as in towns and cities, to recover their debts. 'The want of which good regulations, (it is said in the preamble to the act,) has occasioned many merchants to fall into poverty, and also hindered foreign merchants coming into this realm with their merchandise; to the great hurt and damage of merchants and of all the realm.' This act authorizes the summoning of debtors to foreign merchants before the mayors of London, York, and Bristol; a proof that these were considered, at this remote period, the most eminent commercial cities in the kingdom. Indeed, several large towns, now of the first consequence, as Hull, did not then exist, while many others, as Manchester, Leeds, Birmingham, Liverpool, &c., were quite inconsiderable.

The improved state of things, introduced by Edward I. was changed materially for the worse during the reign of his feeble and unfortunate son and successor, Edward II. But it was again restored during the reign of Edward III., which forms an important epoch in our commercial history.

The little commerce carried on by the English, from the conquest to the accession of Edward III., in 1327, was restricted to a few articles. The imports principally consisted of woollen cloths from the Netherlands, wines from France, wood for dyeing, with silks, spices, drugs, and other eastern products imported by the Venetians and Genoese. The principal article of export was wool, which has always formed the staple product of the kingdom; tin, lead, salt, salmon, cheese, &c., and, in plentiful years, corn, were also exported.

However singular it may now appear, the fact is certain, that previously to the conquest, and for more than a century thereafter, slaves formed a considerable article of export from England. When an estate was conveyed from one proprietor to another, all the villains or slaves, annexed to it, were conveyed at the same time, and by the same deed. When any person had more children than he could maintain, or more domestic slaves than he chose to keep, he sold them to a merchant, who disposed of them at home or abroad, as he found most profitable. In a Great Council held at St. Peter's, Westminster, in 1102, a strong law was made against this practice:—'Let no one,' it is said, 'for the future presume to carry on that wicked traffic by which men in England have hitherto been sold like brute animals.' But this law was insufficient to repress the abuse. Ireland seems, in those days, to have been a considerable market for the sale of slaves: and the Irish, in a national synod held at Armagh, in 1171, agreed to emancipate all the English slaves in the kingdom. This measure was not, however, adopted from any sense of the impropriety of retaining fellow-men in

a state of bondage, but in order to take away all pretext for the threatened invasion of Henry II.—(See *Henry's Britain*, vol. vi., p. 268, and *Lyttleton's Henry II.*, vol. iii., p. 70, and the authorities there referred to.)

It has been commonly supposed that the woollen manufacture was introduced into England by Edward III. But, though the measures of that monarch tended, as has been shown in the previous chapter, materially to its improvement, it certainly existed amongst us from the time of the Romans. There are notices in the statute book of 'broad cloths, two yards, within the lists,' 107 years previously to the introduction of the Flemish weavers in the reign of Edward III. At this period, however, and for long after, Flanders was the great seat of the woollen manufacture; and the wool of England was principally carried to that country, whence were brought in return, not only woollen cloths, but a large proportion of the foreign products required for our consumption.

The policy with respect to the exportation of wool, in the early ages of our history, was fluctuating and various. Generally speaking, it might be freely exported; but this liberty was sometimes entirely suspended, though, for the most part, the prohibition was only to the extent that no wool should be exported except by licence. This was a device fallen upon for the sake of revenue; and, as may easily be conceived, was often resorted to.

Customs seem to have existed in England before the conquest; but the king's claim to them was first established by the statute 3 Edward I. These duties were, at first, principally laid on wool, wool-felts (sheep-skins), and leather when exported. There were also extraordinary duties paid by aliens, which were denominated *parva costuma*, to distinguish them from the former or *magna costuma*. The duties of tonnage and poundage, of which mention is so frequently made in English history, were custom duties; the first being paid on wine by the ton, and the latter being an *ad valorem* duty of so much a pound on all other merchandise. When these duties were granted to the crown they were denominated *subsidies;* and the duty of poundage having continued for a lengthened period, at the rate of 1*s*. a pound, or five per cent., a subsidy came, in the language of the customs, to denote an *ad valorem* duty of five per cent. A *new subsidy* was an addition of five per cent. to the previous duties. —(*Blackstone's Com.*, Book I. cap. 8.)

For several centuries after the conquest, but particularly after the marriage of Henry II. with Eleanor, heiress of some of the fairest provinces of the south of France, wines formed the principal article of importation into England. In King John's reign, a law was made regulating the prices of the different sorts of wines, and appointing twelve individuals in each city, town, and borough to see its provisions carried into effect. In 1299, 73 vessels arrived in London with cargoes of wine of more than 19 tuns each, exclusive of the ships belonging to the Cinque Ports, which might probably amount to as many more. Froissart states that, in 1372, above 200 sail arrived at Bordeaux from England for wine.

During the first three centuries after the conquest, the merchant vessels belonging to England were comparatively few in number, and were either employed in the coasting trade, or in voyages to the British possessions in France. They were of a small size, rarely exceeding seventy or eighty tons. At this period, the sovereign was master of very few ships of war. Until the sixteenth century, the navy consisted of a sort of marine militia, every sea-port being obliged to furnish its quota of ships and sailors according to its trade and resources. In the fleet under the orders of Edward III. at the siege of Calais, in 1347, there were 738 English ships, carrying 14,956 men, being at the rate of about twenty men to each ship. The pay of the seamen was fourpence a day, or about twelve-pence of our money.

London, Bristol, Norwich, York, Lincoln, Southampton, &c., were, in the fourteenth century, the principal commercial and manufacturing cities in England. But, from their advantageous situation for carrying on an intercourse with the Netherlands and France, Yarmouth and the Cinque Ports seem to have possessed the greatest quantity of shipping. The former sent 43 ships and 1905 men to the siege of Calais, while London only sent 25 ships and 662 men. It is pretty certain, however, that the shipping of Yarmouth, if it equalled that of the metropolis, which is doubtful, did not really exceed it; and it is probable that London had pur-

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chased an exemption from the obligation to send ships, by a pecuniary contribution, or in some other way which it is now impossible to discover. (*Anderson*, Anno 1347.)

The peculiar privileges enjoyed by the citizens of the Cinque Ports, and the turbulence of the times, tempted them on several occasions to engage in piratical expeditions, in which they not unfrequently attacked ships belonging to other English ports. They carried this species of outrage to a very great height in 1264.

In a tract published in 1623, (*Circle of Commerce, by E. Misselden*, p. 119), there is a statement, said to be taken from an ancient record in the Exchequer, of the amount and value of the imports and exports in 1354. An abstract of it, given by Anderson, has been often referred to; but the genuine account is as follows:—

EXPORTS.	£	s.	d.
One and thirty thousand, six hundred, fifty-one sacks and a half of wool, at six pounds value each sack, amount to	189,909	0	0
Three thousand, thirty-six hundred, sixty-five felts, at 40*s.* value, each hundred at six score, amount to	6,073	1	8
Whereof the Custom amounts to	81,624	1	1
Fourteen last, seventeen dicker, and five hides of leather, after six pounds value the last.	89	5	0
Whereof the Custom amounts to	6	17	6
Four thousand, seven hundred, seventy-four cloths and a half, after 40*s.* value the cloth, is	9,549	0	0
Eight thousand, sixty-one pieces and a half of worsted, after 16*s.* 8*d.* value the piece, is	6,717	18	4
Whereof the Custom amounts to	215	13	7
Summa of the out-carried Commodities, in Value and Custom	294,184	17	2

IMPORTS.	£	s.	d.
One thousand, eight hundred, thirty-two cloths, after six pounds value the cloth	10,992	0	0
Whereof the Custom amounts to	91	12	0
Three hundred, ninety-seven quintals and three-quarters of wax, after the value of 40*s.* the hundred or quintal	795	10	0
Whereof the Custom is	19	17	0
One thousand, eight hundred, twenty-nine tons and a half of wine, after 40*s.* value per ton	3,659	0	0
Whereof the Custom is	182	0	0
Linen cloth, mercery, and grocery wares, and all other manner of merchandise	22,943	6	10
Whereof the Custom is	285	18	3
Summa of the in-brought Commodities in Value and Custom, is	38,970	13	8
Summa of the surplusage of the out-carried, above the in-brought Commodities, amounteth to	*255,214	13	8

These sums are stated in money of the time, and may, therefore, be about trebled to get their value in money of the present day.

Though treated as authentic by Sir William Temple and others, this account is entitled to very little credit. It is not conceivable that the exports should have amounted to between *seven and eight times the value of the imports!* The account is obviously, indeed, intended only to exhibit the exportation and importation of such commodities as paid duties; and it omits all mention of tin, lead, cheese, and other articles of native produce exported from England. Every one is, however, aware that during the middle ages, and down, indeed, to the reign of James I., custom-house regulations were but little attended to: and the clandestine trade in commodities on which duties were charged, rarely

* The totals do not exactly agree with the items; and there are no means of ascertaining where the error lies.

fell short, and frequently much exceeded, that which was legitimately carried on in them.

Owing to the proximity of France and the Low Countries to England, their vessels were doubtless the first that frequented the ports of Britain. The Flemings, however, were more distinguished as a manufacturing than as a maritime people; and the shipping of France was, at this remote period, as it still continues to be, very inferior to that of England. The Hanse Towns in the north, and the Italian republics in the south, engrossed, for several centuries, the principal part of the carrying trade of Europe; and it was in their ships that the greater part of the foreign commodities required for our consumption were imported, and that the most part even of our native produce was exported. The foundations of the Hanseatic League were laid by treaties between Hamburgh, Lubeck, and Bremen in the early part of the thirteenth century. The objects of the association were of the most beneficial kind. It was intended to promote commerce and navigation, and to secure good order and free government, by suppressing piracy at sea and predatory attacks on travellers by land, and by protecting the cities belonging to the League from the tyrannical interference and oppressive exactions of the surrounding nobles and princes. The advantages resulting from the union were so very great, that it was speedily joined by every considerable city in the north of Europe; and became so very powerful that its alliance was courted and its enmity dreaded by the greatest monarchs. Bruges, in the Netherlands, was the entrepôt to which the Venetians, Genoese, and other Italians, brought the silks, velvets, spices, drugs, fruits, and other products of the south, and exchanged them for the ruder and more bulky, but not less useful products of the north, as iron, tin, fish, flax, pitch, &c. The Hanseatic merchants carried the Italian commodities to the Baltic, and up the great rivers into the interior of Germany. A taste for improved accommodations was thus diffused amongst those whose barbarism had ever remained impervious to the Roman power, and a powerful stimulus every where given to industry.

The Netherlands probably owed their selection as the grand emporium of the southern and northern divisions of Europe, as much to the liberality of their government, and the freedom of their institutions, as to their central situation. The good order established amongst them at a period when the rest of Europe was a prey to feudal anarchy seems to have been the real cause of the early superiority of the Flemings in the arts of civilized life. A circumstance occurred in the reign of Edward II., which sets the liberal policy of the Flemish sovereigns, and their enlarged notions as to trade, in the most striking point of view. Edward, in a letter addressed to Robert Earl of Flanders, states that he had learned that an active intercourse was carried on between the Scotch and the Flemings; and as the Scotch had taken part with Robert Bruce, who was in rebellion against him, and excommunicated by the Pope, he begged that the Earl would put a stop to this intercourse, and exclude the Scotch from his dominions. The Earl returned an answer full of expressions of respect for Edward, adding, however,—'We must not conceal it from your Majesty, that our country of Flanders is common to all the world, where every person finds a free admission. Nor can we take away this privilege from persons concerned in commerce, without bringing ruin and destruction upon our country. If the Scotch go to our ports, and our subjects go to theirs, it is neither the intention of ourselves nor our subjects to encourage them in their error, but only to carry on our traffic without taking any part with them.'—(*Rymer's Fœdera*, vol. iii., p. 771.)

A factory belonging to the Hanseatic merchants was early established in London. It was situated in Thames Street, on a spot of ground called the *Steel Yard*, which became the common appellation for the Hanseatic or German merchants in England. The members of this factory acquired very considerable privileges*. They were permitted to govern themselves by their own laws and regulations; the custody of one of the city gates (Bishopsgate) was committed to their care; they were exempted from contributing to subsidies, tenths, and fifteenths, and were not subjected to the additional duties imposed from time to time on goods imported

* These were confirmed to them by charter of Henry III. in 1269; but it is pretty certain that they had been conceded long before.

and exported; paying only the ancient customs agreed upon at the time of their establishment, which were very small. These privileges could not fail to excite the ill-will and animosity of the English. The Hanse merchants were every now and then accused of acting with bad faith; of introducing commodities as their own which were really the produce of others, that they might evade the duties with which they ought to have been charged; of capriciously extending the list of towns belonging to the association; and of obstructing the commerce of the English in the Baltic. Efforts were continually making to bring these disputes to a termination; but as they grew out of the privileges granted to and claimed by the Hanse merchants, this was found to be impossible, so long as these were preserved. The Hanse merchants contrived to engross the principal part of the foreign trade of England till the reign of Henry VII.; and they were not entirely stripped of their peculiar privileges till 1597.

Next to the Germans and Flemings the Italians were the most numerous class of foreigners in England, in the interval between the beginning of the thirteenth and the close of the fifteenth centuries. They were commonly known by the name of Lombards; and were principally engaged in pecuniary transactions, being at the time the bankers and money-brokers of Europe. They were also the great importers of spices, drugs, silks, and other eastern products. But, notwithstanding the advantages that must have resulted from their residence amongst us, they were at all times exceedingly unpopular. To such an excess was the prejudice against them carried, that in 1283 the Commons granted the fiftieth part of their moveable property to Edward I. on condition of his expelling the Italians from the kingdom. They were, however, soon after recalled; although, notwithstanding the protection of the king, they were exposed to many vexatious annoyances.

In 1316, Edward II. endeavoured to dissuade the Genoese, as he had done the Earl of Flanders, from maintaining any intercourse with the Scotch. On this occasion he reminded them that a very ancient and friendly intercourse had subsisted between their states and his ancestors, kings of England, and their subjects. (*Anderson*, Anno 1316.) The trade carried on with the Venetians seems, however, to have been more considerable than that with the Genoese. In 1323, a quarrel happened between the crews of five Venetian ships lying at Southampton, and the townspeople, in which several lives were lost. The king fearing that this might deter the Venetians from continuing their trade to England, granted a free pardon to all concerned in the affair, promising, at the same time, the most perfect security and friendly treatment to all Venetian merchants and mariners who should come to England. In 1325, a treaty, which will be afterwards noticed, was concluded with the Venetians. The trade with Italy, at this early period, and for long after, was carried on exclusively in Italian ships*. It was not, in fact, till the reign of Richard III., that the English merchants appear to have resorted in any considerable numbers, or to have obtained any solid footing in Italy. This is evident from the commission given by that prince, in 1485, to Laurentio Strozzi to be English consul at Pisa:—'Whereas certain merchants and others from England intend to frequent foreign parts, and chiefly Italy, with their ships and merchandise, and we being willing to consult their peace and advantage as much as possible, and observing, from the practice of other nations, the necessity of their having a peculiar magistrate among them for the determining of all disputes, &c.' Strozzi was allowed a commission of one-fourth per cent. on all goods belonging to Englishmen imported into or exported from Pisa.

The necessities of the monarchs, and the difficulty, already alluded to, of enforcing payment of duties on imports and exports in the middle ages, seem to have given rise to the regulations as to the *Staple*, so famous in the commercial history of this period. The merchants of the Staple consisted of a company formed about the beginning of the fourteenth century. It was established to serve a double purpose; viz., first, to purchase and collect all that could be spared for exportation, of wool, woolfelts, leather, lead, and tin, which were denominated the staple products of the kingdom; to convey these to the staple towns, or to the towns whence only they could be exported, so that the col-

* Anderson, Anno 1323; Henry's Britain, vol. viii., p. 322.

lection of the customs might be facilitated, and that foreign merchants might know where to find stocks of the commodities referred to: and second, to export these commodities to foreign countries, and to bring back returns in goods, coin, or bullion. Natives and foreigners were indiscriminately employed in the purchase and collection of staple commodities in the kingdom; but, by a regulation of which it is difficult to discover the motive, no native of England, Ireland, or Wales, was permitted to engage, either directly or indirectly, in the exportation of any staple commodity. The staple towns for England were Newcastle, York, Lincoln, Norwich, Westminster, Canterbury, Chichester, Winchester, Exeter, Bristol, and Caermarthen; those for Ireland were Dublin, Waterford, Cork, and Drogheda.

Staple commodities could only be exported to certain foreign towns, that consequently received the name of foreign staples. The staple for the Low Countries was, for a lengthened period, established at Bruges; but after the conquest of Calais by Edward III., it was transferred to the latter.

Merchants of the staple were exempted from the jurisdiction of the ordinary magistrates, being subjected only to the authority of a mayor and constables of the staple, chosen annually in each of these towns, who were to judge in all disputes by the merchant law, and not by the common law. A certain number of *correctors* were chosen in each staple town, whose office it was to register all bargains, for which they received a small fee from the parties. There were also six auditors—two Germans, two Lombards, and two Englishmen—in each staple town, who were to determine all disputes referred to them, in the presence of the mayor and constables. Many privileges and immunities were conferred on this famous company, which proved a sort of subordinate commonwealth; and it was made felony to attempt to deprive it of any of its privileges.—(See Statutes of 27th Edward III. caps. 6, 8, 21, 22, 24, and 25.)

It is needless to dwell on the obvious inexpediency of such regulations. But, owing probably to the facility with which most of them were evaded, they do not seem to have been so injurious as we might now be disposed to conclude. In 1458 the merchants of the staple paid 68,000*l.* (money of the times) duty on the commodities they exported; a fact which shows that their trade was very considerable.

The measures of Edward III. for the improvement of the woollen manufacture, and the privileges he conferred on towns, contributed to raise up a class of free labourers. But though there were differences in their condition, there is abundant evidence to prove that at this period the mass of the people residing in the country were in the most miserable state of servitude. The great pestilence that raged in England in 1349, is supposed to have cut off a half, or more, of the inhabitants. The services of those that survived having in consequence become more valuable, they demanded and received higher wages. This rise was, however, regarded as a grievous hardship: and the king, with the advice of 'his prelates, nobles, and learned men,' issued an edict, by which all labourers were, under severe penalties, ordered to work at their old occupation for the same wages as they received before the pestilence! But 'the servants having no regard to the said ordinance, but to their ease and singular covetize,' refused to serve unless for higher wages than it allowed. In consequence of this resistance, the famous statute of the 21st Edward III. c. 1, commonly called the statute of labourers, was passed. It enacts that every able-bodied person under sixty years of age, not having sufficient to live on, being required, shall be bound to serve him that doth require him, or else shall be committed to gaol till he finds surety to serve. If a servant or workman depart from service before the time agreed on, he shall be imprisoned; and if any artificer take more wages than were wont to be paid, he shall be committed to gaol. But the increase of wages having originated in natural causes, could not be checked by such enactments. Their inefficacy did not, however, lead to the adoption of a policy more consistent with justice or common sense. On the contrary, fresh efforts were made to give effect to the statute of labourers; and to prevent its being defeated by the peasantry taking refuge in towns, or emigrating to a distant part of the country, it was enacted by the 34th Edward III., that if any labourer or servant flee to any town, the chief officer shall deliver him up; and if they depart from another country, they shall be burned in the forehead with the letter F!

The injustice done to the labourers by these oppressive statutes was the more glaring, as Edward, to obtain funds to prosecute his schemes of conquest in France, had had recourse to the disgraceful expedient of enfeebling the standard of the coin. Not only, therefore, did the regulations as to wages, so far at least as they were effectual, deprive the common people of that increased payment to which they were entitled from the diminution of their numbers, but they also hindered them from being compensated for the fraud practised on the coin. It was attempted, indeed, to obviate the effects of the diminution of the latter by fixing the prices of most articles; but this was only to bolster up one absurdity by another, and it is not possible that such limitations could have any material influence.

Notwithstanding the degradation and ignorance of the mass of the people, the oppressions to which they were subjected made them at length rise *en masse* against their oppressors. So long indeed as Edward III. lived, the public tranquillity was preserved, and the villains and labourers submitted to the injustice of which they were the victims. But the increase of towns and manufactures during the lengthened reign of this monarch having materially increased the number of free labourers, a new spirit began to actuate the peasantry, who, contrasting their servile condition with the condition of the citizens, became sensible of their inferiority, and more alive to the oppressions they suffered. An attempt to enforce the provisions of the statute of labourers, in the reign of Richard II., was the ground-work of the famous rebellion, headed by Wat Tyler. The demands made by the peasantry show the grievances under which they laboured. They required the abolition of slavery, freedom of commerce in market towns without tolls or imposts, and a fixed rent on lands, instead of the services due by villanage. The rebellion, after having attained to a formidable magnitude, was suppressed with much bloodshed. But though re-established, the servitude of the peasantry was relaxed, and the class of free labourers became gradually more numerous.

On the whole, the domestic policy of Edward III. was favourable to the progress of commerce and the arts, and to the advancement of society. The efficient protection he afforded to alien merchants and manufacturers does honour to his sagacity, and was undoubtedly productive of the best effects. He endeavoured not only to render his dominions the resort of foreigners, but to establish a perfect freedom of trade. In a statute passed in 1350, confirming one that had previously been passed to the same effect, it is enacted that 'all persons, as well foreigners as natives, may buy and sell by wholesale and retail, when, where, and how they please, paying the several duties and customs, *notwithstanding any franchises, grants, or usages to the contrary; seeing such usages and franchises are to the common prejudice of the king and people.*' The judicious observations of Mr. Anderson on this statute deserve to be quoted:—'Had this excellently well-judged act been suffered to remain in force, and to operate to this hour, the nation would, very probably, have increased much faster in people and wealth. But the monopolizing grants of subsequent times from the crown, which, by long use, came to be looked on as *legal*, though not confirmed by act of parliament; and the city of London and other cities and towns having also had weight enough to obtain certain laws for curtailing and frustrating the privileges allowed to *all*, by this act, and for confining the said privileges solely to the freemen of their corporations, gradually brought things to the monopolizing state in which we see them at present in all our corporate towns. Although every person of discernment, in this age, sees and laments an evil not so easily to be remedied, by reason of so many estates bequeathed to and settled in possession of the said monopolizing societies.'—(*Historical and Chronological Deduction*, &c. vol. i. p. 181.)

Edward III., though more powerful and vigilant than any of his predecessors, was unable to repress the disorders that grew out of the state of society in which he lived. The barons, by their confederacies with each other, braved the authority of the crown; while, by protecting their dependents in every excess, the laws were rendered inoperative. Innumerable complaints were made by the Commons of the murders, rapes, robberies, and other outrages, by which every part of the country was disgraced and afflicted. But they admitted of no effectual remedy; the nuisance continued unabated, till the increasing power of the crown and the towns subverted

the feudal system, and secured the ascendancy of the court.

The most objectionable, perhaps, of all the measures of Edward III. was his enfeebling the standard of the currency, which at that time consisted wholly of silver. The necessities in which he was involved, by his wars with France, drove him to this ruinous expedient. It must, however, be admitted that the subject was then but little understood; and that those who degraded the currency in the middle ages, were innocent, compared with those who have perpetrated similar frauds after the importance of preserving the standard inviolate had been fully demonstrated.

Besides the merchants of the Steel Yard and of the Staple, a famous mercantile association was early founded in London, at first under the title of the Brotherhood of St. Thomas Becket, and afterwards under that of the *Merchant Adventurers*. It consisted entirely of Englishmen; and originally any one who desired it might become a member, and participate in all its privileges, on payment of a moderate fine. It appears to have been the intention of government, that the foreign trade of the country should be divided between this society and the merchants of the Steel Yard. A violent jealousy consequently grew up between these associations, and their conflicting rights and claims led to perpetual disputes, that continued till the dissolution of the Hanseatic factory.

But whatever benefits might otherwise have been derived from the vigorous and generally equitable government of Edward III., were countervailed by the obstinacy with which this able prince and his immediate successors urged their pretensions to the throne of France. The nation engaged with the greatest ardour in the support of this unfounded claim; and continued, for a lengthened period, to waste its energies and exhaust its resources in efforts to conquer that kingdom.

The mutual and cruel ravages of the French and English, during this lengthened and sanguinary struggle, are said to have been such, that in extensive districts of Normandy and other French provinces, neither man nor woman was to be seen, except in the fortified towns. The description given by Speed, after Polydore Virgil, of the barbarous warfare then carried on in France, is not, in any respect, overcharged:—'While the English and French contend for dominion, soveraignty, and life itselfe, men's goods in France were violently taken by the licence of warre, churches spoiled, men every where murthered or wounded, others put to death or tortured; matrons ravished, maydes forcibly drawn out of their parents armes to be deflowered, townes daily taken, daily spoiled, daily defaced, the richest of the inhabitants carried whether the conquerors thinke good; houses and villages round about set on fire: no kind of cruelty is left unpractised upon the miserable French. Neither was England herself void of those mischiefes, who every day heard the newes of her valiant children's funerals, slaine in perpetual skirmishes and bickerings, her general wealth continually ebd, and wained, so that the evils seemed almost equall, and the whole westerne world echoed the groans and sighs of either nation's quarrels, being the common argument of speech and compassion throughout Christendom.'—(p. 668.)

The statement in this striking paragraph, as to the injury sustained by England in this sanguinary contest, is corroborated by other evidence. The draughts of men and money required for the reinforcement and maintenance of the armies in France, and the licence given to all sorts of disorders at home, by the absence of the sovereign, could not fail of having a most mischievous influence. A statute of the 9th of Henry V. recites, 'That whereas at the making of the act of the 14th of Edward III. (1340,) there were sufficient of proper men in each county to execute every office; but that, *owing to pestilence and wars*, there are not now (1421) a sufficiency of responsible persons to act as sheriffs, coroners, and escheators.' The laurels, as Mr. Barrington has justly observed, which were gained by Henry V., are well known; but it is not so well known that he has left us, in the above statute, irrefragable proof that they were not obtained but at the dearest price,—the impoverishment and depopulation of the country.

The success of the French arms during the minority of Henry VI. at length put a period to this fatal phrenzy. Unfortunately, however, the tranquillity enjoyed by the English subsequently to their expulsion from France was but of short duration. England soon after became the theatre of civil war. The

parties attached to the interests of the rival houses of York and Lancaster were pretty equally balanced, and for nearly forty years, with a few short intervals only excepted, one half the nation may be said to have turned its arms against the other. The insecurity of property, and the rapine and bloodshed inseparable from a civil war, which raged with more than ordinary fury, proved exceedingly unfavourable to the growth of industry and commerce. So feeble was the naval power of England in the reign of Edward IV., that that monarch was glad, after being defeated in several engagements, to conclude a treaty, in 1474, on very disadvantageous terms, with the Hanse Towns*.

* This treaty being the most important of any entered into between England and the Hanse Towns, we subjoin an abstract of its principal conditions.

1. All past injuries and complaints shall be buried in oblivion, and all injuries and violences shall be absolutely forborne for the future.

2. For the greater safety of the merchants and people of the Hanse Society, King Edward agrees to grant his charter or obligation in the strongest terms, and shall also get it confirmed by act of parliament, that no kind of damage shall be done to their persons or goods, *by reason of any sentence or determination of the said king and his council*, for reprisals, &c. on account of matters done prior to this treaty.

3. The merchants of England may freely resort and trade to the countries of the Hanse League, as the Hanseatic merchants may to England, with their ships and merchandise, freely to sell the same and purchase others there, without paying in either country any more than the ancient duties and customs, on any pretence whatever.

4. All the privileges and immunities of the Hanseatics in England are hereby renewed, and shall also be confirmed by act of parliament; and the English shall enjoy all their immunities at the Hanse Towns as formerly.

5. The Hanseatic merchants in England shall not henceforth be subject to the lord high admiral's court of jurisdiction; but in controversies about maritime affairs, &c. shall have two judges allotted to them by the king for determining the same.

6. That the steel-yard in London, in its utmost extent, shall be confirmed to the said German merchants, as also the steel-yard at Boston; and that a like house be assigned for their use at Lynn, near the water side.

7. That £ 10,000 sterling, liquidated to be due by the king to the said German Hanse merchants, shall be paid or deducted out of the customs and duties on their merchandise, till the whole sum be discharged.

8. If any city of the Hanseatics shall hereafter separate itself from the general union, the king of England shall cause all the privileges of that separating city to cease in England until they be reunited to the league.

9. The said German merchants of the steel-yard shall have the possessing and keeping of the gate of the city of London called Bishopsgate, as by ancient agreement between that city and them.

10. The king shall provide that the woollen cloth of England be reformed, both as to the quality of the wool, and the length and breadth of the cloth.

11. The said steel-yard merchants shall be at liberty to sell their Rhenish by retail as well as wholesale, according to ancient custom.

It is difficult to form any very accurate conclusions as to the state of mercantile shipping from the reign of Edward III. to that of Henry VII.; but the increase, if there was any, seems to have been very inconsiderable. During the whole of this period, most foreign commodities consumed in England, with the exception of wine, were imported in foreign bottoms. In 1381, an act was passed—in consequence, as appears from the preamble, of the complaints of the Commons of the decay of shipping—prohibiting all English merchants from freighting foreign ships, under forfeiture of the goods embarked in them. But it was very soon found that this act could not be enforced without great injury to trade; and in the following year a statute was passed which, in effect, suspended the former, by authorizing the employment of foreign vessels when English ones could not be procured.

A famous merchant of Bristol, of the name of Canynge, who was five times mayor of that city, is said to have been the greatest English ship-owner of the reign of Edward IV. The prevalent opinion seems to be that he had in his employment ships of 900, 500, and 400 tons burden*. The only authority for this statement is an inscription on Canynge's tomb, at Bristol, where it is stated, that 'having *forfeited the king's peace*, he was condemned to pay 3000 marks, in lieu of which sum King Edward IV. took of him 2470 tons of shipping, among which was one ship of 900 tons burden, another of 500 tons, and one of 400 tons, the rest being smaller.' (*Anderson*, anno 1449.) Mr. Anderson conjectures, apparently with much probability, that the 'forfeiture of the king's peace,' alluded to in this inscription, refers to some act of piracy, or to some abuse of letters of marque, committed by Canynge. At all events, it is sufficiently certain that no merchant ships of the burden of 900, or even 500 tons, were built in England for more than a century after this period; so that if the statement as to the tonnage may be depended on, the fair presumption is, that the vessels had been taken from the Venetians or Genoese. The circumstance of the forfeiture of the ships being recorded on Canynge's tomb does not, as Mr. Macpherson seems

* Hallam's Middle Ages, vol. iii. p. 386, octavo edition.

to suppose, prove that they were not acquired by piracy. This offence was estimated very differently in those days and at present; and there might have been colourable grounds for the capture.

The truth is, that the navigation of England continued throughout this whole period very limited. 'While,' says Dr. Robertson, 'the trading vessels of Italy, and Spain, and Portugal, as well as those of the Hanse Towns, visited the most remote parts of Europe, and carried on an active intercourse with its various nations, the English did little more than creep along their own coasts in small barks, which conveyed the productions of one county to another. The cross of St. George was seldom displayed beyond the precincts of the narrow seas. Hardly any English ship traded with Spain and Portugal before the beginning of the fifteenth century; and half a century more elapsed before the English mariners became so adventurous as to enter the Mediterranean.' —(*America*, book 9th.)

A rhyming tract, printed by Hakluyt, (vol. i. p. 187,) entitled the '*Process of English Policy*,' appears to have been written about the middle of the fifteenth century. Its object is to inculcate the policy of *keeping the sea;* that is, of having the absolute command of the Channel, and particularly of the straits of Dover. The writer then enumerates the different products of such European nations, with the exception of France, as had any over-sea traffic. His statements on this head, which are very curious, have been condensed by Mr. Macpherson nearly as follows:—

The exports of Spain consisted of figs, raisins, bastard wine, dates, liquorice, Seville oil, grain, Castile soap, wax, iron, wool, wadmole, skins of goats and kids, saffron and quicksilver, which was all shipped for Bruges, the great Flemish emporium; of these wool was the chief article. In return the Spaniards received fine cloth of Ypres, which is noted as superior to that of England, cloth of Curtrike (Courtray), fustian and linen*. The Flemings could not make good cloth of the Spanish wool by itself, and were obliged to mix it with the English, which (according to the author) was the chief support of their manufacture, as without it they could not possibly carry it on, or support their numerous population, their country not producing food sufficient for their support for one month in the year. (This is doubtless a great exaggeration.)

With Portugal the English maintained a considerable intercourse, and were in the habit of making voyages to it. The commodities were wine, osay, wax, grain, figs, raisins, honey, cordovan, dates, salt, hides, &c.

Bretagne exported salt, wine, crest cloth, and canvass. The Bretons, especially those of St. Malo, are described as much addicted to piracy, and as caring very little for their duke. The writer states that they often plundered the east coasts of England, and levied contributions, or ransoms, from the towns.

The exports of Scotland consisted of wool, wool-felts, and hides. The Scotch wool, mixed with English, was made into cloth at Popering and Bell, manufacturing towns in Flanders. The Scotch vessels carried home from Flanders mercery, haberdashery ware, and 'cart wheels and barrows.'

The exports of Prussia were beer, bacon, osmunds, copper, steel, bow staves, wax, peltry, pitch, tar, boards, flax, thread of Cologne, fustian, canvass, cards, buckram, and also silver purchased from Bohemia and Hungary. The returns from Flanders were woollen cloths of all colours. And many of the Prussians are described as sailing to the Bay of Biscay for salt.

The Genoese in great carracks imported into England cloth of gold, silk, black pepper, wood in great plenty, wool, oil, wood ashes, cotton, roche alum, and gold for paying their balances. They took in return wool and woollen cloths of all colours, which they sometimes carried to Bruges, the chief staple of their trade.

The Venetians and Florentines imported into England, in large galleys, all kinds of spiceries and groceries, sweet wines, sugar, apes and other foreign animals, and many trifling articles of luxury. In return they received wool, cloth, and tin. The balance was supposed to be in their favour; for the author is much displeased that

* It is necessary to remember that Spain, at this time, contained several kingdoms often at war among themselves. The trade here described is apparently that of Castile. Catalonia possessed flourishing manufactures of wool, cotton, linen, silk, &c.

'Thei bere the gold out of this lond
And sowketh the thrifte out of our hond
As the waspe sowketh hony of the be.'

The Venetians were also dealers in exchange and lent money at interest. They also used to travel to Cotswold and other parts of England to buy up wool, cloth, tin, &c. The author regrets that they were not compelled to unload in forty days, and to load in other forty, nor obliged to act under a host or landlord broker as formerly, and as the English at Venice were obliged to do.

In the marts or fairs of Brabant, the English (and probably other foreigners also) were obliged to sell their cloths, &c., in fourteen days, and make the purchases, consisting chiefly of mercery, haberdashery, and groceries, in as many more, on pain of forfeiture. Those fairs were frequented by the English, French, Dutch (or Germans), Lombards, Genoese, Catalonians, Spaniards, Scotch and Irish. The author affirms that the English bought more in the marts of Brabant, Flanders, and Zealand, than *all* other nations.

Brabant and Zealand exported madder, wood, garlic, onions and salt fish. The Hollanders bought the English wool and wool-felts at Calais. In the marts of Brabant were also sold the merchandise of Hainault, France, Burgundy, Cologne, and Cambray, which were brought in carts over land.

The exports of Ireland were hides, wool, salmon, hake, herrings, linen falding, and the skins of martens, harts, otters, squirrels, hares, rabbits, sheep, lambs, foxes and kids. Some gold ore had lately been brought from Ireland to London. The abundant fertility and excellent harbours of Ireland are noted by the author, who laments that the island was not made more profitable to England by a complete conquest.

The trade to Iceland for stock fish, hitherto, according to the author, almost confined to Scarborough, had, for about twelve years past, been taken up in Bristol and other ports. It is said to have been over done, and that the vessels engaged in it could not obtain full freights.

Some faint traces of the negotiation of bills of exchange have been discovered, or supposed to be discovered, in antiquity. We believe, however, that we are really indebted to the Jews and Italians of the middle ages for the discovery of this admirable expedient for adjusting the claims of individuals resident at a distance from each other. According to Mr. Macpherson (*Annals of Commerce*, vol. i. p. 405), the first mention of bills of exchange, in connexion with the history of England, occurs in 1255. The Pope having quarrelled with Manfred, King of Sicily, agreed, on Henry III. engaging to defray the expense, to depose Manfred and raise his second son Edmund to the Sicilian throne. The enterprise misgave; but the merchants of Sienna and Florence, who advanced the money to carry it into effect, were repaid by bills of exchange, drawn on the *prelates* of England; who, though they protested they knew nothing at all about the transaction, were nevertheless compelled, under pain of excommunication, to pay the bills and interest.

Capmany (*Comercio Antiguo de Barcelona*, tomo i., p. 212) has given a copy of an ordinance of the magistracy of Barcelona, issued in 1394, enacting that bills should be accepted within twenty-four hours of their presentation; a sufficient proof that they were then in general use. Bills, however, were rarely either seen or negotiated in England previously to the middle of the fifteenth century.

The value of land during the civil wars seems to have been about *ten* years' purchase. This may be fairly inferred from proclamations issued in 1470 by Edward IV., and in 1483 by Richard III., offering in both instances a reward of 1000*l.* in money, or 100*l.* a year in land, to any one who should arrest the individuals named in the proclamations. This sufficiently evinces the insecurity of property in those barbarous times.—(*Rymer's Fœdera*, vol. xi., p. 654, &c.)

The fisheries seem to have been early the object of legislative arrangements. In the reign of Edward IV., various statutes were enacted, prescribing rules for the packing of salmon, herrings, eels, &c.; and there are several older statutes for the preservation of the fry of salmon, lampreys, &c.—(*Anderson*, Anno 1483.)

Even though the situation of the country in other respects had been favourable to foreign commerce, the state of society previously to the reign of Henry VII. was such as to hinder it from making any material progress. Except in a few large towns, there was no such thing as a middle class. The great mass of the people was held in thraldom by the nobility; and the laws enacted in the reign of Edward III. show the

obstacles opposed to their improvement and emancipation. Such persons were compelled to satisfy themselves with mere necessaries. And the revenues of the great lords being exhausted in maintaining crowds of dependents, and in a rude sort of hospitality, the demand for foreign commodities was confined within very narrow limits. The clergy, indeed, and the monks belonging to the richer monasteries, introduced a more refined mode of living; at the same time that the villains on their estates were less oppressed than on those of the nobles. Most part, however, of the increase that really took place in the trade of the country between the death of Edward III. and the accession of Henry VII. is ascribable to the growth of the towns in the interim, which, though far from rapid, was not so inconsiderable as is sometimes stated. The charters of enfranchisement given to these communities, the privilege which they early acquired of electing their own magistrates and regulating their municipal government, and the police and good order they established, gave them great advantages, and rendered their inhabitants immeasurably superior, in point of wealth and civilization, to those of country districts. By an edict of William the Conqueror, such villeins as fled to a town and were not reclaimed by their masters within a year and a day, acquired their freedom: and even of those that fled to the towns and were reclaimed, few comparatively were given up. So early as the reign of Edward I. the influence of the towns began to be very sensibly felt; and it became still more decided after that of Richard II. In every country the towns have been the cradles of civilization, and of public liberty; but in England this has been most strikingly the case. Having been early admitted into parliament, their representatives speedily acquired a considerable influence, which continued to increase with the increasing numbers, intelligence, and wealth of their constituents. This circumstance, more than any thing else, prevented the establishment of arbitrary power in England. The destruction of the feudal privileges of the aristocracy by the house of Tudor was accomplished with comparatively little difficulty; but when the Stuarts attempted to act by the commons as the Tudors acted by the nobles, they found the wide difference between attacking oppressive privileges engrossed by a class, and rights enjoyed by a whole people.

But notwithstanding the vast advantages that have resulted from the growth of towns and cities, they have not been altogether without alloy. The citizens engaged in particular trades were early joined into corporate bodies, which immediately began to discover that rapacious, short-sighted, monopolizing spirit by which corporations have always been distinguished. Instead of endeavouring to promote their interests by an hospitable reception of strangers from other parts of the country, and of foreigners, they exerted themselves to exclude both the one and the other from participating in the advantages they enjoyed.

The regulations as to apprentices originated in the efforts made by the corporate bodies to exclude competitors. They were intended to prevent the exercise of any trade in any town corporate, except by those who had served an apprenticeship of a certain specified duration. The by-laws of the different corporations to this effect were confirmed by the celebrated statute of the 5th of Elizabeth (1563), commonly called the statute of apprenticeship, which fixed the duration of such engagements at *seven* years, and extended the regulation to all the corporate towns in the empire. And what is most extraordinary, this statute, though interfering so directly with the freedom of industry, and intended to bolster up the most oppressive monopolies, preserved its place on the statute book till 1814.

But in the early part of our history, the landlords were disposed, even more than the corporate bodies, to increase the difficulties of apprenticeship. The advantages enjoyed by mechanics resident in towns over country labourers, were so very great, that the latter were anxious, under any conditions, to bind their children apprentices. To counteract this practice the great lords fell upon several devices; and in the reign of Henry IV. an act was passed prohibiting all persons from binding their sons and daughters by an apprenticeship, unless they possessed twenty shillings a year in land! The decay of husbandry was pleaded as a justification of this and similar enactments; but their real intention was to prevent the emancipation of the peasantry, the lords being unwilling to lose the services to which they were bound, or to resign the jurisdiction they were accustomed to

exercise over them. When, however, money payments began, after the accession of the House of Tudor, to be preferred to services, the landlords not only ceased to oppose, but encouraged the emigration of the peasantry to the towns; and their increasing influx, by exciting the fears of the corporate bodies, seems to have given birth to the statute of apprenticeship referred to above.

Down to the reign of Henry VII. the commerce of England, in common with that of most other countries, suffered severely from piratical depredations. Even those esteemed as good citizens, and engaged in trade as a pursuit, were so much under the influence of the predatory spirit of the times, that they did not hesitate to engage in marauding adventures. The mischief was aggravated by the practice, then very prevalent, of granting letters of marque to private individuals, authorizing them to make reprisals on the subjects of states with which the princes, by whom the letters were granted, were at peace! Such licences to carry on private wars necessarily led to every sort of abuse, and increased, in no ordinary degree, the dangers of navigation. The suppression of piracy was, indeed, the principal object contemplated by the founders of the Hanseatic League; but notwithstanding the efforts of that powerful association, the offence continued to be very prevalent till the end of the fifteenth century. At length, however, the establishment of good order, and the prevalence of sounder views of national interest, occasioned the suppression of piracy, and of the practices which had given countenance to it. Letters of marque were no longer granted except when states were at war; and pirates, being every where treated as robbers, were finally banished from the European seas.

Besides the dangers which mariners encountered in those barbarous ages from the attacks of pirates, they were exposed to the most cruel treatment in the event of their being wrecked. After the subversion of the Roman power it was customary in most countries to reduce the survivors to slavery, and to confiscate their property for the use of the king or of the lord of the manor! But such disgraceful proceedings could only be tolerated in the very darkest ages. In England it was adjudged, so early as the reign of Henry I., that if any person escaped alive out of a ship it should be no wreck. And after various modifications it was decided in the reign of Henry III., that if goods were cast on shore, having any marks by which they could be identified, they were to revert to the owners, if claimed any time within a year and a day. The statute 27 Edward III., cap. 13, enacted, that if a ship were lost and the goods came to land, they were to be delivered to the merchants, paying only a reasonable reward or salvage to those by whom they were saved or preserved. But these ancient statutes, owing to the disorders of the times, were but feebly enforced; and the disgraceful practices alluded to did not entirely disappear till a comparatively recent period.

In all countries, however barbarous, that have any shipping or foreign trade, we meet with some system of maritime law. The Romans borrowed their regulations as to naval affairs from the Rhodians; the justice and equity of whose code were celebrated by the best ancient writers, and are demonstrated by the fragments that are still extant. A code of maritime law, entitled the '*Consolato del Mare*,' founded principally on the basis of the Roman law, but interspersed with rules and regulations of a later origin, appears to have been issued at Barcelona somewhere about the end of the thirteenth or the beginning of the fourteenth century, and speedily obtained great authority among the nations bordering on the Mediterranean. The collection of sea laws, entitled the '*Roole des Jugements d'Oleron*,' was the first body of maritime jurisprudence that appears to have acquired any influence in England, where it has long been held in the highest esteem. There is much diversity of opinion as to the origin of this code. The prevailing opinion in Great Britain has been that the '*Jugements d'Oleron*' were compiled by direction of Queen Eleanor, the wife of Henry II., in her quality of Duchess of Guienne; and that they were afterwards enlarged and improved by her son, Richard I., at his return from the Holy Land; but this statement is now admitted to be destitute of any good foundation. The most probable theory seems to be, that they are a collection of the rules or practices followed at the principal French ports on the Atlantic, as Bordeaux, Rochelle, St. Malo, &c. They contain, indeed, rules, the observance of which is essential to

all maritime transactions, wherever they may be carried on; but the references in the code sufficiently prove that it is of French origin. The circumstance of our monarchs having large possessions in France, when the rules of Oleron were collected and reduced into a system, naturally facilitated their introduction into England, and made them be regarded with peculiar favour. 'I call them the laws of Oleron,' said Sir Leoline Jenkins, 'not but that they are peculiarly enough English, being long since incorporated into the customs and statutes of our Admiralties; but the equity of them is so great, and the use and reason of them so general, that they are known and received all the world over by that, rather than by any other name.' Molloy, however, has more correctly, perhaps, said of the laws of Oleron, that 'they never obtained any other or greater force than those of Rhodes formerly did; that is, they were esteemed for the reason and equity found in them, and were applied to the case emergent.' —(M'Culloch's *Com. Dict.* Art. MARITIME LAW.)

Previously to the struggle between the houses of York and Lancaster, acts had occasionally been passed restraining the importation of certain species of foreign produce, particularly of woollen manufactures. But these were, for the most part, soon after repealed; and it is probable, from the inefficiency of custom-house regulations at the time, had but very little influence. They seem principally to have been passed at the solicitation of the incorporations of London, Bristol, and other great towns; and from the way in which petitions for prohibitory enactments were treated by Edward I., Edward III., and others of our most able princes, it may be inferred that they were quite aware of the real motives of the petitioners. But during the civil wars, the princes on the throne and their competitors were particularly anxious to conciliate the support of the great towns; and there was no mode of accomplishing this so easy, and at the same time so effectual, as the exclusion of foreign products and artisans. Hence the reigns of Edward IV. and Richard III. form an important epoch in the history of the prohibitive system. The preamble to the great restraining act of 1643, (3rd Edward IV. cap. 4.) contains an epitome of the allegations usually put forth by the advocates of prohibition:—'Whereas in the said parliament, by the artificers, men and women, inhabiting and resident in the city of London, and the cities, towns, boroughs, and villages within this realm and Wales, it hath been piteously shewed and complained, how that all they in general, and every of them, be greatly impoverished, and much injured and prejudiced of their worldly increase and daily living, by the great multitude of divers chaffres and wares, pertaining to their mysteries and occupations, being fully wrought and ready made to sale, as well by the hands of strangers, being the king's enemies as others, brought into this realm and Wales from beyond the sea, as well by merchant strangers as denizens, and other persons, whereof the greatest part is deceitful and nothing worth, in regard of any man's occupation or profit, by occasion whereof the said artificers cannot live by their mysteries and occupations as they used to do in times past; but divers of them, as well householders as hirelings, and other servants and apprentices in great numbers, be at this day unoccupied, and do hardly live in great idleness, poverty, and ruin, whereby many inconveniencies have grown before this time, and hereafter more be like to come, (which God defend) if due remedy be not in their behalf provided, &c.'

It seems not to have then occurred to any one that reciprocity is of the essence of commerce. Foreigners import nothing without getting an equivalent; so that when we consume large quantities of their goods, it admits of demonstration that they consume equally large quantities of ours. Admitting, therefore, that the allegations referred to above were true, yet it is plain that the idleness and poverty complained of could not be obviated by prohibiting importation. Such prohibitions might give additional employment to the producers of such articles as had previously been supplied by the foreigner; but it is certain it could not do this without depriving all those of employment who had been engaged in the production of the articles sent abroad in payment of the imports. A prohibition never fails to destroy as much, or more, on the one hand, as it builds up on the other. It is a contradiction and an absurdity to suppose that the prevention of importation should increase the field of employment. All that it can possibly do, is to divert labour into channels into which it would not

naturally flow, and in which it is, consequently, sure to be less productive than if it had been left to seek out investments for itself. But such arguments are reluctantly admitted, even in the nineteenth century, and could not, therefore, be supposed to have much influence in the fifteenth. The remedy then provided for the grievances complained of, was the prohibition of almost every wrought article, either of convenience or ornament, at that time known. This prohibition was renewed and extended by the act of 1484. (1st Richard III. cap. 12.)

The monopoly principles that were thus early engrafted into our commercial policy have continued ever since to maintain their ground. During the sixteenth century they were sometimes partially suspended, but they were never wholly repealed, and were always enforced whenever any circumstance occurred to give additional influence to the manufacturers and the incorporated bodies.

The justly celebrated William Caxton was a member of the Mercers' Company of London, and was employed by Edward IV. in the negotiation of a commercial treaty with Philip, Duke of Burgundy. While engaged in this mission, he acquired a knowledge of the then recently invented art of printing, which he introduced into England. It would be worse than useless to dwell on the importance of this invention. Knowledge ceased to be confined to a few individuals. Books being multiplied and cheapened in a degree that could not previously have been supposed possible, became accessible to all classes; nor can there be a doubt that the universal diffusion of every sort of information by means of the press, has contributed more than anything else to the wonderful improvements that have since been made in the arts and sciences.

2. *Progress of commerce and industry in England, from the accession of Henry VII. to the death of Elizabeth.* —The accession of Henry VII., in 1485, marks an important era in the history of English commerce. It terminated that civil war which had so long deluged the country with blood; while the vigorous and prudent, though severe administration of the king, and the good terms on which he endeavoured to keep with his neighbours, gave unusual facilities for the prosecution of commercial enterprises.

The love of money, the ruling passion of this monarch, led him to set a high value on commerce, which he endeavoured directly to promote. It may be doubted, however, whether the laws passed in his reign with this view, were not, speaking generally, rather injurious than otherwise. Attempts were made to fix the prices of several commodities and articles of provision; the taking of interest for money was forbidden, under very severe penalties; as were the profits of exchange, on pretence of their savouring of usury! The exportation of money, plate, and bullion, was prohibited; and aliens who had imported produce into the kingdom, were obliged to invest the produce of their sales in English commodities, lest the precious metals might be carried out.

Some of Henry's laws are, however, characterized by sounder views of public policy. Of this description is an act passed in 1494, providing for the uniformity of weights and measures. It directs that models of all standard weights and measures be delivered to the knights, citizens, and burgesses in parliament assembled; that the latter should deliver them to the mayor and bailiffs of the cities and towns which they represented; these functionaries being required once a year to compare the weights and measures in use in their respective districts with the models; to destroy those that did not correspond with them, and to impose fines on those by whom they were used. Unluckily, however, it was speedily found that the models sent to the country did not exactly correspond with the standards in the exchequer; and though the defect was remedied, it seems to have thrown so much discredit on the project, that the advantage resulting from it was comparatively unimportant.

The vexatious restraints on industry, imposed by the different corporate bodies, were in some respects modified by Henry VII. They were prohibited from making by-laws without the consent of three of the chief officers of state; but this judicious regulation seems to have speedily fallen into disuse. Corporations were also prohibited from imposing tolls at the gates of their towns. The cities of Gloucester and Worcester had proceeded so far in this way as to levy a tax on vessels or boats navigating the Severn, which was abolished by this act, (19th Hen. VII. cap. 18.)

Henry negotiated a great many com-

mercial treaties with foreign countries. Of these the most celebrated was the treaty entered into with the Archduke Philip, sovereign of the Netherlands, in 1496. Unlike the greater number of such agreements, it was founded on a fair principle of reciprocity; and contains several very judicious regulations for facilitating the intercourse between the two countries, and making it advantageous to both. It was denominated the *Intercursus Magnus;* and was exceedingly popular in England as well as in the Netherlands. As this treaty has been often referred to, and throws considerable light on the nature of commercial transactions at the time, we have given it below. The precautions taken to prevent piracy, and the stipulations as to shipwrecked vessels, are particularly worthy of attention.*

We have already noticed the establishment of the company of merchant adventurers, originally the fraternity of St. Thomas Becket. They were not a joint stock, but a regulated company, established in London. It would seem that they had early acquired, or usurped the right, of demanding a fine from the merchant adventurers belonging to other parts of England, trading to foreign

* 1. Mutual liberty allowed on both sides to trade to each other's dominions, without asking for licence or passport. To carry all manner of merchandise, whether wool, leather, victuals, arms, horses, jewels, or any other wares, either by land or water, from Calais, England, and Ireland, to the countries of Brabant, Flanders, Hainault, Holland, Zealand, and Mechlin, and from these provinces to Calais, England, and Ireland; and that both parties may freely resort to and unload at all the customary ports, and reload, and thence freely depart.

2. Merchants, mariners, &c. may on both sides carry weapons of defence in their ships, and bring them on shore to their lodgings, where they shall leave their swords, daggers, &c. till they shall go on board again.

3. The fishers on both sides may freely fish on the seas without any safe conduct asked; and when driven into each other's ports by tempest or other necessity, they shall be safe there, and have free liberty to depart, paying the customary dues.

4. Pirates and ships of the enemies of either party shall not be permitted to rob or otherwise injure the subjects of either party in their respective havens and countries; nor to land nor sell there the goods or ships taken from either party.

5. And to the end that captures of ships, persons, and goods may hereafter cease between both parties, it is agreed that security, to double the value of ship and goods, be given by shipmasters setting out on a voyage, that they shall not commit any piracy or robbery on the subjects of the other party.

6. The ships of either party driven into the ports of the other party by storm, enemies, &c., shall remain there safely, and may depart again freely; but they shall not open nor unload their merchandise without a visible necessity, and without the presence and the consent of the custom-house officer.

7. Merchants, mariners, &c. of both parties shall not import into the other party's country the goods of an enemy to that party.

8. If it shall happen that a ship of either of the contracting parties be wrecked on the shores of the other party, though there shall not be found therein either man, woman, cat, dog, or cock, yet the goods in the said ship shall be preserved, and laid up for a year and a day, by the proper officers of the place; within which time the proper owners may come and make out their claim, and receive their goods, paying the requisite expenses for recovering and keeping the same.

9. The merchants of both parties shall have proper houses for themselves and their merchandise in the several towns and cities of the other party, with the same privileges and immunities as have been customary before the last fifty years; and shall in all respects be as kindly treated as any other foreign nation residing there.

10. The officers in either country appointed for searching for contraband goods, shall perform it civilly, without spoiling them, or breaking the chests, barrels, packs, or sacks, under pain of one month's imprisonment. And when the searchers shall have opened them, they shall assist in the shutting and mending of them, &c. Nor shall they compel the owners to sell or dispose of the same against their own inclinations.

11. If the English residing in the Netherlands shall suspect a debtor there to intend an elopement, the debtor may be compelled to give security there for paying the debt; and the Netherlanders in England shall enjoy the same benefit.

12. Upon any damage or violence done to the subjects of the contracting parties, the damaged party shall not immediately take out letters of marque or reprisals, nor arrest either the person or the goods of the accused party, but shall first warn or summon him before his respective prince, who alone ought to give redress to the injured party.

13. All letters of marque and reprisals shall be called in, and shall remain suspended on both sides, unless it shall be otherwise determined by a future congress of both parties.

14. And it is forbidden to the English and others to enter the castle of Sluys, in Flanders; and it is now stipulated that in case, through ignorance or any other cause not appearing to be fraudulent, any merchants or other subjects of the King of England shall happen to enter the gate of the said castle, they shall not, merely from that cause, be injured in their persons nor goods.

15. The English shall freely bring bullion of gold or silver through the Netherlands and from other countries, in order to carry the same into England, provided they bring certificates from the proper officers of those other countries of the quantity of bullion so bought or otherwise lawfully acquired.

16. None but the public and anciently known and received weights shall be used in either country.

17. For conservators of this peace and intercourse of commerce, there were appointed by Henry VII., on the part of England, sundry lords therein named, and likewise the mayors and aldermen of London, York, Bristol, Winchester, Canterbury, Rochester, Southampton, Sandwich, (Sandwic) Dover, Lynn, Dartmouth, Plymouth, Hull, Winchelsea, Boston, Yarmouth, and Berwick, who also bound themselves, to the Archduke Philip, under the obligation of all their goods, present and future, to endeavour, to the utmost of their power, that their sovereign Henry VII. should faithfully keep it inviolable in all its parts; and on the part of the Archduke there were also bound several lords of his countries, and also the burgo-masters of Gaunt, Bruges, Ypres, Dunkirk, Newport, Antwerp, Bergen-op-zoom, Doort, Delft, Leyden, Amsterdam, Middleburgh, Zirikzee, Terveer, Mechlin, and Briel, to see the said peace and intercourse of commerce faithfully kept.

Signed at London, 24th Feb, 1496; ratified April, 1496.

countries, and particularly to the Netherlands. At first this fine was only an old noble, or 6*s.* 8*d.*, money of the time; but by successive additions it was raised to no less than 40*l.*, money of the time, and was justly complained of by the merchants and traders in the outports as an intolerable burden. In 1497, an act was passed (12th Hen. VII. cap. 6.) to obviate this abuse. It declares that all Englishmen shall have free liberty 'to trade to the coasts of Flanders, Holland, Zealand, and Brabant, and other parts adjoining,' on payment of a fine of ten marks (6*l.* 13*s.* 4*d.* money of the time,) to the merchant adventurers of London. That this act effected a very great improvement on the previous practice is obvious; but the circumstance of a private company in London being allowed to impose a fine on all merchants in other parts of the kingdom engaged in foreign adventures, shows how little the most obvious principles were then understood.

The influence of the measures adopted by Henry VII., in the view of directly encouraging commerce and navigation, was trifling compared with the influence of those which operated indirectly, by putting down abuses and establishing the authority of the law. From a very remote period the great lords had been accustomed to maintain vast numbers of servants and retainers, partly for the purpose of displaying their grandeur, and partly as the means of security and of attack. The retainers generally lived on the estates of their masters, who supplied them with badges and liveries, and with provisions while in service. These persons were not only ready upon all occasions, when called upon, to support the cause of their lords, to execute their orders, and *to give evidence for them in courts of law*, but trusting to their influence to screen them from justice, they scrupled not, whenever an opportunity offered, to attack those they considered as their master's enemies! The predatory habits acquired in such a mode of life could not be easily laid aside; and when dismissed from service, or not employed by their masters, they generally supported themselves by theft and robbery. Many statutes had been passed for repressing so enormous an abuse, but without any perceptible effect; and during the civil wars the evil attained to a frightful excess. No provision being made for disbanded soldiers or retainers, it was not unusual to expose liveries for sale, and the competition for them amongst idle and disorderly persons was such that they occasionally brought considerable sums. Henry VII. determined to abate this nuisance; and his sagacity and firmness, and the circumstances under which he was placed, enabled him to succeed. Many of the principal nobles had perished in the struggles terminated by the battle of Bosworth; and their power had been impaired by repeated confiscations, and by the extraordinary expenses they had had to sustain. They were, therefore, but ill-fitted to defend their privileges against so able and powerful a prince as Henry, who perceived and made use of his advantage. The laws against giving badges and liveries, and employing retainers, were renewed and enforced with a rigour that none could expect to elude. At the same time, too, that the barons were compelled to lay aside their feudal pomp, and to dismiss their vassals, the improved and more luxurious habits that began to be diffused throughout the nation, disposed them to receive money payments, instead of personal services, from their tenants and dependents. And the lower ranks of people being thus, as it were, abandoned by their feudal superiors, were obliged, instead of trusting to them for support and protection, to resort to some species of industry, and to respect those laws they could no longer trample upon with impunity. The change that was thus effected was of the greatest importance, and had the most decisive and beneficial influence on all ranks and orders. Had the practice of maintaining crowds of retainers continued, order and tranquillity could never have been established.

The power of the great lords was undermined by another law, which, though less felt at the time, has been hardly less important perhaps in its consequences than any other passed in the reign of Henry VII. This was the legitimation of the practice, introduced in the reign of Edward IV., of breaking entails by a fine and recovery. 'By means of this law,' says Hume, 'joined to the beginning luxury and refinement of the age, the great fortunes of the barons were gradually dissipated, and the property of the commons increased in England. It is probable that Henry foresaw and intended this consequence; because the constant scheme of his po-

licy consisted in depressing the great, and exalting churchmen, lawyers, and men of mean families, who were more dependent on him.'

The circle of commerce being now enlarged on all sides, merchant-ships began to be built of larger size, and to be fitted up with better accommodations. Henry VII. was a considerable ship-owner. He built several large ships, which, when not employed in the public service, he was accustomed to freight to the merchants.

Still, however, these favourable circumstances had less influence than might have been imagined in extending the sphere of foreign commerce. The nation had been so long distracted by intestine commotions, and the merchants and seamen of the Hanse Towns and the Italian Republics continued to engross so large a share of the trade and navigation of England, that but few, comparatively, of Henry's subjects had any desire to engage in remote adventures. The persevering efforts of the Portuguese to discover a route to India by sailing round Africa, and their discoveries, appear to have excited little attention and no emulation in England. The discovery of a new world by Columbus was, indeed, too extraordinary an event not to arrest the attention of every one, and to arouse even the most indifferent to some degree of enterprise. An association having been formed in England for the purpose of prosecuting discoveries, a patent was granted by Henry to John Cabot and his three sons, authorising them to make discoveries, 'on their own proper costs and charges,' in all parts of the world unknown to Christians. Under this sanction, an expedition, consisting of five ships, sailed from England in 1496. It was commanded by Sebastian Cabot, the second son of John, who, though his father was a Venetian, was himself born in Bristol. In point of nautical skill, sagacity, and perseverance, Sebastian Cabot seems to have been little, if at all, inferior to Columbus; and as the lands seen by the latter in his first and second voyages were situated in the West Indies, the honour of being the first discoverer of the American continent is due to Sebastian. He sailed along the whole coast from Hudson's Bay to Florida; and in so far as priority of discovery gives any right to dominion, the claim of the English to the exclusive possession of the greater part of the continent of North America is unquestionable*.

Two years after (1498) Cabot was sent out as commander of a squadron of six ships, equipped at King Henry's expense, further to explore the lands and islands discovered on his previous voyage. But though this shows that the King was not insensible to the value and importance of so splendid a discovery, no attempt was made either in his reign, or for a long time after, to turn it to account, by founding a colony in the countries visited by Cabot, or by opening an intercourse with them.

Various circumstances contributed to occasion this neglect. As soon as Ferdinand and Isabella, by whose marriage the crowns of Castile and Arragon had been united, learned the success of Columbus, they applied to Pope Alexander VI. for a grant of such territories as they might discover, that were in the possession of infidels. The Pontiff, desirous at once to display, and at the same time to extend, his power, readily assented to the wish of the Spanish monarchs. As vicar and representative of Jesus Christ, he conveyed to them the full right to, and sovereignty of, all the countries lying to the west of an imaginary line, supposed to be drawn from pole to pole a hundred leagues to the westward of the Azores. And as the Portuguese had previously acquired, by a bull of Eugene IV., a right to all the countries between Cape Non, on the coast of Africa, and the continent of India, the two peninsular nations engrossed between them, by what was then believed to be a good title, two-thirds of the entire surface of the globe! The lands discovered by Cabot plainly formed a part of the ample donation made to the crown of Spain by Alexander VI.; and ridiculous as the pretension to make such a grant may now appear, its validity was, at the time, universally acknowledged. Henry besides was exceedingly anxious to preserve the friendship of Ferdinand,

* The Memoir of Sebastian Cabot (by Mr. Biddle, an American), published in 1831, is one of the most valuable books that has ever appeared on the history of maritime discovery. The author has resorted to original sources. He discovered in the Rolls Chapel, and has printed for the first time, the patent granted to John Cabot in 1498, in which reference is made to '*the londe and isles of late found by the said John*;' and which, consequently, puts to rest all doubts as to the era of Cabot's discovery. The reasons assigned by the author for concluding that Sebastian Cabot the son, and not John the father, commanded in both expeditions, are less satisfactory than the other parts of the work.

for whom he professed the greatest esteem; and was endeavouring, indeed, at the very moment when Cabot's discovery transpired, to negotiate the marriage that afterwards took place between his eldest son and the Princess of Spain.

These circumstances, coupled with the distrustful character of the king, sufficiently account for no effort being made by the English, during the reign of Henry VII., to found any colony, or to acquire any footing in a distant country. His son and successor, Henry VIII., was frequently at war with Spain; and having emancipated himself from the authority of the Pope, the bull of Alexander VI. could hardly have much influence on his conduct. His subjects had also become more commercial, and exaggerated ideas began to be entertained of the value of foreign possessions. But in the first part of his reign, Henry engaged with inconsiderate ardour in the great struggle between Charles V. and Francis I.; and in the sequel he, as well as the nation, was too much occupied and agitated with domestic affairs, particularly with the subversion of the papal authority, and the disputes to which it gave rise, to be able to bestow any considerable degree of attention on projects of discovery or colonization. But, though not immediately concerned in them, the splendid discoveries of Columbus and Vasco de Gama had a powerful influence in England, as well as in every other country. 'The enlargement of commerce and navigation increased industry and the arts everywhere: the nobles dissipated their fortunes in expensive pleasures; men of an inferior rank both acquired a share in the landed property and created to themselves a considerable property of a new kind, in stock, commodities, art, credit, and correspondence. In some nations, the privileges of the commons increased by this increase of property. In most nations, the kings, finding arms to be dropped by the barons, who could no longer endure their former rude manner of life, established standing armies and mastered the liberties of the kingdom. But in all places the condition of the people, from the depression of the petty tyrants, by whom they had formerly been oppressed rather than governed, received great improvement, and they acquired, if not entire liberty, at least the most considerable advantages of it. And as the general course of events thus tended to depress the nobles and exalt the people, Henry, who also embraced that policy, has, perhaps, acquired more praise than his institutions, strictly speaking, seem of themselves to deserve on account of any profound wisdom attending them.'—(*Hume's England*, cap. xxvi.)

Like his father, Henry VIII. was disposed to promote the interests of commerce, and some of the measures he took in this view were not ill calculated to effect their object. In 1515 he established, or rather, perhaps, renewed and extended, the famous guild or corporation of the Trinity House at Deptford, for the licensing and regulating of pilots, and for the erection and ordering of light-houses, beacons, &c. Similar establishments were soon after founded at Hull and Newcastle. In this instance Henry followed the example of Charles V., who, observing the numerous shipwrecks in the voyages to the West Indies occasioned by the ignorance of seamen, established at the *Casa de Contratacion*, in Seville, lectures on navigation, and a pilot major for the examination of other pilots and mariners. Charles also directed treatises on navigation to be published for the use of navigators.

On the whole, however, there is little reason to think that commerce gained much by the efforts of Henry VIII. for its encouragement; and its increase during his reign ought rather to be ascribed to the gradual development of the national resources, occasioned by the subversion of the feudal system, and the natural growth of opulence, than to the efforts of government to excite the dormant energies of the people. Many of the laws and institutions of Henry were indeed calculated to have a precisely opposite effect. Among others that might be mentioned, the influence of which, had they been acted upon, must have been exceedingly injurious, were statutes restraining the cloth manufacture, in Worcestershire, to the city of Worcester, and four other towns, and prohibiting the manufacture of coverlets anywhere in the county of York except in the city. The groundless complaints of the city of London against aliens were favourably listened to by the king. Henry even went so far as to affirm in an edict of the star-chamber, printed amongst the statutes, that the foreigners starved the natives, and obliged them from idleness to have re-

course to theft murder, and other enormities! To prevent the increase of these imaginary evils, fresh restraints were laid on the employment of foreign artisans, and on the residence of foreign merchants. But, as the philosophical historian has observed, Henry had done better to have encouraged foreign merchants and artisans to come over to England; which might have excited the emulation of the natives, and improved their skill.

Henry VIII. may be styled the founder of the royal navy of England. He appointed a board of commissioners for its regulation; erected warehouses for naval stores; and constructed the dockyards at Deptford and Woolwich for building and equipping ships of war. Some of Henry's predecessors had a few ships, which they employed sometimes in trade, and sometimes in war; but they did not deserve the name of a navy. At his death, however, fifty-three ships belonged to the crown, some of which were of considerable magnitude. The Henry Grace de Dieu was of 1,000 tons; she carried 19 brass and 103 iron guns, and her crew consisted of 301 mariners, 349 soldiers, and 50 gunners. There was another ship of 700 tons, two of 600, and two of 500; the tonnage of the whole fleet being 6,255 tons. The trading ships were also larger and better built than at any previous period.—(*Henry's Great Britain*, vol. xii., p. 344.)

The reign of Henry VIII. is famous for the introduction of several new manufactures, and of many new articles of food and clothing. Among the former, the art of knitting stockings may be mentioned; for, though Howell states that Henry wore only cloth hose, (*History of the World*, vol. iii., p. 222,) it is certain that knit stockings were then made in England, though probably in very limited quantities and only of wool. Sir Thomas Gresham, the famous merchant, presented Edward VI. with a pair of silk stockings received from Spain; and Queen Elizabeth is represented as having laid aside the use of cloth hose in the third year of her reign. Lord Herbert affirms, in his history of Henry VIII., that cannon were not made in England till 1535; and though the perfect accuracy of this statement has been impeached, there is no doubt that by far the greater number, if not the whole, of those previously made use of, were imported. Soap was not manufactured in London till 1524. The culture of currants, hops, and several other fruits and vegetables, seems to have been, for the first time, introduced into England about this period. The earliest notice of hops in the statute-book occurs in 1552. The introduction of turkies into England dates, it is said, from Henry VIII.—(*Anderson*, vol. i., p. 354.)

The prodigal expenditure of Henry VIII., having speedily occasioned the dissipation of the immense treasures left by his father, forced him to resort to many disgraceful expedients for obtaining supplies, and among others to the degradation of the coin. He carried this vile species of fraud to an extent unknown in any other period of our history; and the consequences were most pernicious. Coins of full weight were either hoarded or withdrawn from circulation; and all sorts of produce were withheld from market, so that prices rose to the full extent of the degradation, and everything was thrown into extreme confusion. The most violent measures were resorted to for the purpose of counteracting these effects. Farmers were ordered to bring their grain to market, and to sell it at reasonable prices; buying in one market in order to sell in another was prohibited under the severest penalties; and the exportation of all sorts of provisions was forbidden except to Calais. But such arbitrary measures only served to aggravate the evil. 'At length,' says Mr. Martin Folkes, 'it was found by experience that gold and silver had, by the common consent of all people, throughout the civilized parts of the world, acquired certain real and proper values; and that in such a nation as this, not destitute even then of all commerce with strangers, it was impossible that the arbitrary value set upon pieces of base metal could, for any considerable time, supply the want of the silver that used to be contained in the pieces of the same denominations. Whatever names were given to those pieces of base metal, or by whatever authority their imaginary value was supported, the poor people would either not bring their provisions at all to the markets, to exchange them for such money, or would then sell them at much higher rates than before; as the nominal sums they received for their goods would not now purchase them the same conveniences elsewhere, as the same nominal

sums of better money had formerly done. It was, therefore, judged absolutely necessary to reform and to amend the coin. The affair was very seriously considered, and the work was undertaken and carried on with so much diligence and vigour, that within a few months a reformation of the money was brought about, truly memorable, and no less remarkable than the former abuses of it had been: for the new pieces that were coined before the end of this year 1551, were of more than *four times* the value of those of the same denominations that had been coined in the former months of the same*.'

The reformation of the coin was nearly completed in the early part of the reign of Elizabeth, and was perfected before its close. *Moneta in justum valorem restituet*, says her historian. Her conduct in this respect has been deservedly eulogized; and on two memorable occasions, in 1698 and 1819, was appealed to with effect by the advocates of sound principles.

Though, in their immediate effects, the Reformation, and the destruction of the monasteries, were probably injurious to the lower classes, they have been of the greatest public advantage. The Reformation broke those trammels by which the human mind had been enchained for ages, and gave it the impulse which it still retains. The destruction of the monasteries converted into industrious citizens many thousand individuals of both sexes, who, with very few exceptions, lived, under the cloak of religion, in luxurious idleness, debauched by every sort of vicious indulgence. A crowd of fast days and superstitious observances were at the same time abolished; and the court of Rome ceased to derive from England a large part of the supplies required to defray its extravagant expenditure. It is no part of our business to inquire into the motives of Henry in effecting so great a revolution. His measures, how unworthy soever the principle whence they sprung, were as beneficial as if they had been dictated by the most deliberate wisdom. A less rough and violent hand might have been inclined to tamper with abuses which the public interest required should be rooted out.

Notwithstanding the little encouragement given by the king and the public, some attempts at discovery, with a view to commerce, were made in the reign of Henry VIII. The grand object at that time, and for several years afterwards, was the discovery of a passage to India, by sailing in a north-westerly direction, that they might thus avoid infringing the rights claimed by the Portuguese. These efforts were prosecuted with much perseverance. Notwithstanding the ill success with which they had been attended, a fresh attempt of this sort was made in 1553, in the reign of Edward VI., in two ships commanded by the famous Sir Hugh Willoughby and Captain Richard Chancellour. These navigators carried with them a letter from the king, translated into Latin, Greek, and other languages, addressed to all kings, princes, and persons in authority. This letter, which is preserved in Hakluyt, evinces the most enlightened views as to commerce and discovery; and is, in all respects, so creditable to our ancestors, that we shall lay an extract from it before the reader. It begins by setting forth the disposition to cultivate the love and friendship of his kind, implanted by the Almighty in the heart of man,—the consequent duty of all, according to their power, to maintain and augment this desire,—and the conduct of the king's ancestors in this respect, which had ever been 'to shewe good affection to those that came to them from farre countries.' It then proceeds as follows:—

'And if it be right and equity to shewe such humanities to all men, doubtless the same ought chiefly to be shewed to merchants, who, wandering about the world, search both the land and the sea, to carry such good and profitable things as are found in these countries to remote regions and kingdoms, and again to bring from the same such things as they find there commodious for their own countries: both as well that the people to whom they goe may not be destitute of such commodities as their countries bring not forth to them, as that also they may be partakers of such things whereof they abound. For the God of heaven and earth, greatly providing for mankinde, would not that all things should be found in one region, to the end that one should have need of another; that by this means friendship might be established among all men, and every one seek to gratifie all. For the establish-

* Table of English Silver Coins, p. 36.

ment and furtherance of which universal amitie, certaine men of our realme, moved hereunto by the said desire, have instituted and taken upon them a voyage by sea into farre countries, to the intent that, between our people and them, a way may be opened to bring in and carry out marchandises, desiring us to further their enterprises. Who, assenting to their petition, have licensed the right valiant and worthy Sir Hugh Willoughby, Knight, &c., according to their desire, to goe to countries, to them heretofore unknown, as well to seek such things as we lacke, as also to carry to them, from our regions, such things as they lacke. So that hereby not only commoditie may ensue both to them and us, but also an indissoluble and perpetual league and friendship, &c. We, therefore, desire you, kings and princes, and all others to whom there is any power on earth, to permit, unto these our servants, free passage by your regions and dominions; for they shall not touch any thing of yours unwilling unto you. Consider you that they also are men. If, therefore, they shall stand in neede of anything, we desire you of all humanitie, and for the nobilitie which is in you, to aide and help them with such things as they lacke. Shewe yourselves towards them, as you would that we and our subjects should shewe themselves towards your servants, if at anie time they shall pass by our regions.'—(*Hakluyt*, vol. iii., p. 231.)

This expedition was partly successful, and partly unsuccessful. The ships having parted company in a storm, Willoughby took refuge in a harbour in Russian Lapland, where, having attempted to winter, he, and all his companions, perished of cold. Chancellour was more fortunate. Having entered the White Sea, he wintered in safety at Archangel, and, though the first stranger who had visited their port, was kindly treated by the inhabitants. Here Chancellour learned that Archangel formed part of the dominions of the Grand Duke or Czar of Muscovy, who resided at Moscow, 1200 miles distant. Undismayed by the difficulty and danger of the journey, Chancellour set out for Moscow, where he arrived in safety. He was hospitably received by the Czar Ivan Vassilovitch; who, perceiving the advantages that might accrue to his subjects from an intercourse with the states of Western Europe, gave Chancellour a letter to the King of England, in which he invited his subjects to trade with his dominions, and gave them ample assurances of favour and protection. In consequence, an active and advantageous intercourse was immediately established with Archangel; which continued, till the foundation of Petersburgh, to be the only port in the Russian dominions frequented by foreigners.

In all barbarous and semi-civilized countries dealers in corn are the objects of popular indignation. The people suppose that they would obtain this great article of provision at a lower price were they to buy it directly from the producers. The profits of the middleman, or dealer, seem to be wholly taken out of their pockets. They do not reflect that if he were driven from the trade, the farmer would be obliged, with much inconvenience to himself, to perform the duties that he performs; to carry his corn to distant markets, and to sell it in such small quantities as might suit the demands of his customers. It would obviously be impossible for him to do this without having additional capital at his command, and without his attention being constantly diverted from the culture of his farm. But the mere disposal of the crop to the consumers is but the smallest part of the business of the corn dealers. They estimate and equalize the consumption with the supply. If the corn merchants, who endeavour to inform themselves correctly as to such matters, ascertain that the crop of any given season is deficient, they immediately raise its price, so that the whole nation is placed as it were upon short allowance; improvident consumption is checked; and the supply that might otherwise have been exhausted in ten months is distributed equally over the twelve. Dealers in corn also buy up a portion of the produce of a plentiful year, and reserve it as a stock to be disposed of in the first scarcity that occurs; so that they not only equalize the supply of each particular season, but contribute to equalize the supplies of different seasons. Their operations are thus advantageous alike to the consumers and the producers. They protect the former from famine, and husband for them those resources they could not have so advantageously husbanded for themselves, and they protect the latter from

destructive oscillations of price. In fact, if there be one class of dealers more deserving of encouragement and protection than another, that class consists of those who deal in corn.

But, for the reasons already stated, our ancestors, instead of encouraging the trade of the corn dealers, endeavoured to annihilate it altogether. By the statute 5 and 6 Edward VI. cap. 14, it was enacted, 'That whosoever shall buy any corn or grain with intent to sell it again, shall be reputed an unlawful engrosser; and shall for the first fault suffer two months' imprisonment, and forfeit the value of the corn; for the second, suffer six months' imprisonment, and forfeit double the value; and for the third, be set in the pillory, and suffer imprisonment during the king's pleasure, and forfeit all his goods and chattels.'

But it was found impossible to dispense entirely with the services of those who were then denominated kidders, or carriers of corn; no one, however, was allowed to undertake this business without having previously obtained a license, ascertaining his qualifications as a man of probity and fair dealing. In the reign of Elizabeth, the privilege of granting such licenses was confined to the Quarter Sessions.

It would be useless to waste the reader's time by dwelling on the absurdity of such regulations. Those familiar with the prices of corn in the ages under review, are aware that the fluctuations exceed anything of which we can now form any idea. Owing to the badness of the roads, and to the difficulties in the way of transporting corn to any considerable distance, its prices in places remote from each other often differed considerably*; and it was almost always exceedingly scarce and dear before harvest.

As society advanced, the more intelligent portion of the community became aware of the impolicy of the restraints on the corn dealers. The rigour of the act of Edward VI. was, in consequence, modified by several subsequent statutes, principally enacted during the reign of the Stuarts. The statutory restrictions on the internal corn trade were not, however, entirely repealed till 1772. And, such is the influence of prejudice, that in 1800 an individual of the name of Rusby was indicted at common law, and convicted of the imaginary crime of *regrating*, that is, of selling a quantity of corn in the same market in which he had purchased it, at an advance of 2*s*. a quarter! So slow is the progress of sound philosophy even among those whose education and station ought to set them above vulgar delusions.

Mary, who espoused Philip II. of Spain, was quite as bigoted as her husband, to whose wishes she gave the readiest assent. She was, consequently, induced, not only by deference to the Pope's bull, but out of respect to Philip, to discountenance all plans of commerce or discovery that might have brought the English into collision with the Spanish, by exploring or settling any part of the New World. It is, however, pretty certain that the study of the Spanish language, which became fashionable at court after the marriage of Philip, and the facility which was thus afforded of reading Spanish works on geography and navigation, as well as the information obtained from the Spaniards who accompanied Philip to England, as to their possessions in the New World, and the policy followed in respect to them, excited the desire of the English to acquire some share in such valuable possessions; at the same time that it furnished them with information that was of material service in their expeditions during the following reign.

At length, under the vigorous sway of Elizabeth, the taste of the nation for naval enterprise was fully awakened. The attempt at invasion made by Spain, though it failed, opened the eyes of all classes to the importance of having a powerful fleet; at the same time that the enthusiasm inspired by the success which attended the English in their struggle with the armada, and in their expeditions under Drake, Raleigh, Hawkins, Frobisher, Norris, Borroughs, &c., infused a spirit of daring and boldness into our navigators, that rendered them equal to the most arduous undertakings. The attempts that were made to establish colonies in America, in the reign of Elizabeth, were not, however, successful. But in the early part of the reign of her successor, James I., the foundations were laid of the English empire in America; the unprecedented advance of which had a wonderful influ-

* In fact such transportation was once prohibited. This appears from a regulation established in 1440, by which commissioners of the customs were authorised to grant licenses for the carrying of corn from one county to another.

ence in promoting the commerce and navigation of the mother-country.

The opening of the trade to India, and the formation of the East India Company, events of the utmost importance in the commercial history of the empire, illustrate the reign of Elizabeth. Captain Stephens, who performed the voyage in 1582, was the first Englishman who sailed to India by the Cape of Good Hope. The voyage of Sir Francis Drake contributed to make the English better acquainted with the newly-opened route to India. But the voyage of the celebrated Mr. Thomas Cavendish was, in the latter respect, the most important. Cavendish sailed from England in a little squadron, fitted out at his own expense, in July, 1586, and having explored the greater part of the Indian Ocean as far as the Philippine Islands, and carefully observed the most important characteristic features of the people and countries which he visited, returned to England, after a prosperous navigation, in September, 1588. Perhaps, however, nothing contributed so much to inspire the English with a desire to embark in the Indian trade, as the captures that were made at this time from the Spaniards. A Portuguese East India ship or carrack, captured by Sir Francis Drake, during his expedition to the coast of Spain, inflamed the cupidity of the merchants by the richness of her cargo, at the same time that the papers found on board gave specific information respecting the traffic in which she had been engaged. A still more important capture of the same sort was made in 1593. An armament fitted out for the East Indies by Sir Walter Raleigh, and commanded by Sir John Borroughs, fell in, near the Azores, with the largest of the Portuguese carracks, a ship of 1,600 tons burden, carrying 700 men and 36 brass cannon, and after an obstinate conflict carried her to Dartmouth. She was the largest vessel that had been seen in England, and her cargo, consisting of gold, spices, calicoes, silks, pearls, drugs, porcelain, ivory, &c., excited the ardour of the English to engage in so opulent a commerce.

In consequence of these and other concurrent causes, an association was formed in London, in 1599, for prosecuting the trade to India. The adventurers applied to the Queen for a charter of incorporation, and also for power to exclude all other English subjects who had not obtained a license from them, from carrying on any species of traffic beyond the Cape of Good Hope or the Straits of Magellan. As exclusive companies were then very generally looked upon as the best instruments for prosecuting most branches of commerce and industry, the adventurers seem to have had little difficulty in obtaining their charter, which was dated the 31st Dec. 1600: the corporation was entitled 'The Governor and Company of Merchants in London trading to the East Indies.' The first governor (Thomas Smythe, Esq.) and twenty-four directors were nominated in the charter; but power was given to the company to elect a deputy-governor, and in future to elect their governor and directors, and such other office-bearers as they might think fit to appoint. They were empowered to make bye-laws; to inflict punishments, either corporal or pecuniary, provided such punishments were in accordance with the laws of England; to export all sorts of goods free of duty for four years; and to export foreign coin or bullion to the amount of 30,000*l.* a year, 6,000*l.* of the same being previously coined at the mint; but they were obliged to import within six months after the completion of every voyage, except the first, as much silver, gold, and foreign coin, as they exported. The duration of the charter was limited to fifteen years; but with and under the condition that, if it were not found for the public advantage, it might be cancelled at any time upon two years' notice being given.—Such was the origin of the British East India Company,—the most celebrated commercial association either of ancient or modern times, and which has now extended its sway over the whole of the Mogul empire.

The trade from England to Africa commenced in 1526, when some merchants of Bristol sent thither cloth, soap, and a few other articles in Spanish ships. Within a short period, however, English ships traded direct to that continent, whence they brought ivory, gold dust, drugs, &c.; but the trade was of trifling importance till slaves began to be carried from the west coast of Africa to the West Indies. The famous Sir John Hawkins is said to be the first Englishman who engaged in this infamous traffic. Having fitted out a small squadron in 1562, he sailed for the coast of Guinea, where he procured a cargo of slaves, which he carried to St. Domingo,

where he disposed of them to advantage. The first adventure seems to have excited little attention, but it was speedily followed by others; and as the trade increased, it was regarded as of great national importance. It was not till a comparatively recent period that the public became alive to its guilt and horrors.

There is scarcely, indeed, a branch of foreign commerce carried on at present, with the exception of that to China, that was not prosecuted, to a greater or less extent, in the reign of Elizabeth. The number of vessels was greatly increased. The flag of England floated on every sea, and everywhere commanded respect. Many branches of manufacture were introduced, while those already established received large augmentations.

The very well-informed Mr. John Smith estimates the value of the woollen goods annually exported from England to the Low Countries, Scotland, and the north of Europe, &c., in the early part of the reign of Elizabeth, at 1,200,000*l.* or 1,300,000*l.*; and this immense exportation of the manufactured article is exclusive of a considerable exportation of raw wool, which might be freely exported.* Many circumstances conspired to produce this development of the national resources. The old plan of paying rents by services was well nigh relinquished; the public tranquillity was rarely interrupted; and a taste for improved accommodations was diffused throughout all classes. In addition to these favourable circumstances, the persecutions in the Low Countries occasioned the emigration of several thousands of the most industrious citizens, many of whom came to England, and materially promoted the improvement of our manufactures.

There were some circumstances, however, the tendency of which was far less favourable. Of these the most injurious was the practice of giving patents to particular individuals or associations, authorising them to carry on some particular branch of trade or industry to the exclusion of others. Such monopolies were granted in immense numbers by the Queen to her favourites, who sold the patents to speculators, who raised the monopolized articles to whatever price they pleased, to the extreme injury of the public. The number and importance of the commodities that were thus assigned are quite astonishing. Currants, salt, iron, powder, cards, calf-skins, fells, pouldaries, ox-shin bones, train oil, lists of cloth, potashes, aniseed, vinegar, sea-coal, steel, aqua vitæ, brushes, pots, bottles, saltpetre, lead, accidences, oil, calamint, stone, glasses, paper, starch, tin, sulphur, new drapery, dried pilchards, with the trade in Spanish wools, are but a part of the commodities and businesses that were made over to monopolists. When this list was read in the House of Commons, a member cried out, *Is not bread in the number? Bread!* said every one with astonishment. *Yes, I assure you,* replied he, *if affairs go on at this rate we shall have bread reduced to a monopoly before next Parliament.* The monopolists were so exorbitant in their demands, that in some places they raised the price of salt from 1*s.* 4*d.* a bushel to 14*s.* and 15*s.* These high profits naturally produced interlopers and emigrants; and in order to secure their rights against encroachments, the patentees were armed with such high and arbitrary powers from the Council, that they were able to oppress the people at pleasure, and to exact money from such as they thought proper to accuse of interfering with their patents. The patentees of saltpetre, having the power of entering into every house, and of committing what havoc they pleased in stables, cellars, or wherever they suspected saltpetre might be gathered, commonly extorted money from those who desired to free themselves from this damage or trouble. And while domestic industry was thus restrained and fettered, most branches of foreign trade were surrendered to exclusive companies, who carried them on for their own advantage merely, without any regard to the interests of the public. —(*Hume's England*, cap. xliv.)

Such scandalous abuses became at length quite intolerable; and notwithstanding the deference that was then entertained for the royal prerogative, a Bill was introduced for abolishing all monopolies. It was zealously opposed by the courtiers; but the queen, who perceived how odious her grants were become, had the good sense to give way; and voluntarily cancelled those that were most oppressive. The evil, however, was not wholly abated till near the close of the following reign, when the famous statute of the 21st Jac. I. cap. 3. was passed. This statute declares that all monopolies, grants, and letters-patent, for

* Memoirs of Wool, vol. ii. p. 106.

the sole supplying, selling, and making of goods and manufactures, shall be null and void. It excepts patents for fourteen years, for the sole working or making of any new manufacture within the realm, to the true and first inventors of such manufactures, provided they be not contrary to law or mischievous to the state. It also excepts grants by act of parliament to any corporation, company, or society for the enlargement of trade, and letters-patent concerning the making of gunpowder and a few other articles. With the exception of the restraints imposed by the charters of incorporations, this act effectually secured the freedom of industry in Great Britain, and has done more, perhaps, to excite a spirit of industry, and to accelerate the progress of wealth, than any other in the statute-book.

Among other means for promoting and facilitating commerce and navigation, that were either discovered or improved during the reign of Elizabeth, may be mentioned the act of 1601, (43rd Eliz. cap. 12,) with respect to marine assurance. The preamble sets its utility in the clearest point of view. 'Whereas it hath been, time out of mind, an usage among merchants, both of this realm and of foreign nations, when they make any great adventure, (especially into remote parts,) to give some consideration of money to other persons, (which commonly are in no small number,) to have from them assurance made of their goods, merchandises, ships, and things adventured, or some part thereof, at such rates and in such sort as the parties assurers and the parties assured can agree; which course of dealing is commonly termed a policy of assurance; by means of which it cometh to pass, upon the loss or perishing of any ship, there followeth, not the undoing of any man, but the loss lighteth rather easily upon many than heavily upon few, and rather upon them that adventure not than upon those that adventure; whereby all merchants, especially the younger sort, are allured to venture more willingly and more freely.' According to Malynes, (*Lex Mercat.* p. 105,) insurance was first practised amongst us by the Lombards, and had, most probably, been introduced some time about the middle of the sixteenth century. It appears from the statute that it had originally been usual to refer all disputes that arose with respect to assurances, to the decision of 'grave and discreet' merchants, appointed by the Lord Mayor. But abuses having arisen out of this practice, the statute authorized the Lord Chancellor to appoint a commission for the trial of insurance cases; and in the reign of Charles II. the powers of the commissioners were enlarged. But this court soon after fell into disuse; and, what is singular, no trace of its proceedings can now be discovered.

There are no means of forming any accurate account of the extent of the foreign trade of England at the close of Queen Elizabeth's reign; but some interesting details with respect to it have been preserved in a tract of J. Wheeler, secretary to the Merchant Adventurers, printed at Middleburg in 1601. The Steel-yard and Hanseatic Associations having been previously abolished, the Merchant Adventurers engrossed, at the period referred to, most part of the trade to other countries. Their dealings are thus described by their secretary:—

'There is sent out yearly by the aforesaid company, at least 60,000 white cloths, besides coloured cloths of all sorts, kerseys, short and long bayz, cottons, Northern dozens; the just value of these 60,000 white cloths cannot well be calculated or set down, but in my opinion they are not worth less than 600,000*l.* sterling.

'The coloured cloths of all sorts, bayz, kerseys, &c., I reckon at the number of 40,000 at least; and they are worth 400,000*l.* sterling.

'There goeth also out of England, besides their woollen cloths, into the Low Countries, wool, woolfels, lead, tin, saffron, coney-skins, leather, tallow, alabaster, stones, corn, beer, and divers other things, amounting unto great sums of money.

'We have next to show what the Merchant Adventurers buy, for return, of strange nations and people frequenting their mart towns and bringing their country commodities thither.

'Of the Dutch and German merchants they buy Rhenish wine, fustians, copper, steel, hemp, onion seed, copper and iron ware, lattice, kettles and pans, linen cloth, harness, saltpetre, gunpowder, all things made at Nuremberg; and, in fine, there is no kind of wares that Germany yieldeth, but generally the Merchant Adventurers buy as much or more thereof as any other nation.

'Of the Italians they buy all kinds of silk wares, velvets wrought and un-

wrought taffitas, satins, damasks, sarsnets, Milan fustians, cloth of gold and silver, grograms, camlets, satin and sewing silk, organzine, orsoy, and all other kind of wares either made or to be had in Italy.

'Of the Easterlings they buy flax, hemp, wax, pitch, tar, wainscot, deal boards, oars, corn, furs, cables and cable-yarn, tallow, ropes, masts for ships, soap ashes, estridge wool, and almost whatsoever is made or grown in the east countries.

'Of the Portuguese they buy all kinds of spices and drugs.

'With the Spaniards and French they have not much to do, by reason that other English merchants have had a great trade into France and Spain, and so serve England directly from thence with the commodities of those countries.

'Of the Low Country merchants, or Netherlanders, they buy all kinds of manufactures and handiwork not made in England; tapestry, buckram, white thread, inkle, linen cloth of all sorts, cambrics, lawns, madder; and an infinite number of other things, too long to rehearse. I have heard it credibly reported, that all the commodities that come out of all other countries besides England, were not wont to set so many people at work in the Low Countries as the commodities which came out of England only did; neither that any other two of the greatest nations that frequented the said Low Countries for trade, buy or carry out so much goods in value as the Merchant Adventurers.'—(See pp. 25—28, original edition. We have modernized the spelling, but made no other alteration.)

Wheeler gives no data by which to judge of the total value of the exports and imports; but in an official account given by Misselden, in his *Circle of Commerce*, (p. 121,) published in 1623, the total value of the exports in 1612 is set down at 2,487,435*l.*, and that of the imports at 2,141,151*l.*; and this, if accurate, may be considered as not differing materially from their value in 1601.

No mention is made in the account given by Wheeler of sugar, which, however, had been imported, though in small quantities, long previously. Tobacco had barely been introduced into England in the reign of Elizabeth; tea was not heard of till half a century afterwards; and the foundations of the cotton manufacture had not been laid. The stimulus given by the desire to possess these and other articles, and the additional scope afforded for the exercise of talent and enterprise in the new channels of employment and adventure that were now opened, had a most astonishing influence. The progress of improvement was somewhat retarded by the civil war during the reign of Charles II.; but the retardation was only temporary; and it has continued ever since rapidly to advance. At this moment the manufactures and commerce of Great Britain have attained to an unrivalled degree of improvement, and to an extent that in the earlier ages would not have been deemed possible. Nor is there any reason to suppose that they have reached their zenith. On the contrary, the greater freedom of industry we now enjoy, the greater amount of our capital, and the greater skill and intelligence of our merchants and artificers, will (supposing the public tranquillity is preserved) undoubtedly lead to still more astonishing displays of ingenuity and invention.

The coasting trade of England was, at an early period, very considerable; and it has continued to increase even more rapidly than the population and wealth of the country. Its great amount is principally to be ascribed to the ready access afforded by the Sea to most considerable places in Great Britain and Ireland, and the extraordinary facility of conveyance that is thereby afforded. The general use of coal as an article of fuel in modern times, and the circumstance of London and the southern counties being almost wholly supplied from the north, has occasioned the employment of a very large number of ships and seamen. The first mention of coal in England is believed to occur in a charter of Henry III. granting licence to the burgesses of Newcastle to dig for it. In 1281 Newcastle is said to have had a considerable trade in this article. About the end of this century, or the beginning of the fourteenth, coals began to be imported into London, being at first used only by smiths, brewers, dyers, soap-boilers, &c.; this innovation was, however, loudly complained of. A notion got abroad, that the smoke was highly injurious to the public health; and in 1316 the Commons petitioned Edward I. to prohibit the burning of coal, on the ground of its being an *intolerable nuisance*. His Majesty issued a proclamation conformable to the prayer of the petition; but it being but little at-

tended to, recourse was had to more vigorous measures; a commission of oyer and terminer being issued out, with instructions to inquire as to all who burned sea-coal within the city, or parts adjoining, to punish them for the first offence by 'pecuniary mulcts,' and upon a second offence, to demolish their furnaces, and to provide for the strict observance of the proclamation in all time to come.

But notwithstanding the efforts that were thus made to prohibit the use of coal, and the prejudice that was long entertained against it, it continued progressively to gain ground. This was partly, no doubt, owing to experience having shown that coal smoke had not the noxious influence ascribed to it, but far more to the superior excellence of coal as an article of fuel, and the growing scarcity, and consequent high price of timber. In the reign of Charles I., the use of coal became universal in London, where it has ever since been used, to the exclusion of all other articles of fuel. At the Restoration, the quantity imported was supposed to amount to about 200,000 chaldrons. In 1670, the imports had increased to 270,000 chaldrons. At the Revolution they amounted to about 300,000 chaldrons, and have since gone on increasing with the growing magnitude of the city; being, in 1750, about 500,000 chaldrons; in 1800, about 900,000 chaldrons; and at present, about 1,600,000 chaldrons.*

It may be worth while to remark, that coal is not the only article now reckoned of the highest utility, the introduction of which into general use has been violently opposed. Hops, among many others, were in this predicament. When they first began to be employed in the manufacture of beer, in the reign of Henry VIII., they were objected to on the ground that they would injure its taste and its quality. In the 'Improver Improved,' of Walter Blithe, originally published in 1649, (3rd edit., p. 240,) there is the following striking paragraph:—"Hops are now grown to be a national commodity: but it was not many years since the famous city of London petitioned Parliament against two nuisances; and these were Newcastle coals, in regard to their stench, &c.; and hops, in regard they would spoyl the taste of drink, and endanger the people. And had the Parliament been no wiser than they, we had been in a measure pined, and in a great measure starved, which is just answerable to the principles of those men who cry down all devices, or ingenious discoveries as projects, and thereby stifle and choak improvements."

The prejudice against taking interest for a loan of money, which appears to have principally originated in a mistaken interpretation of a text in the Jewish law (Deut. chap. xxiii. v. 20), exercised a powerful influence in the middle ages. In England, as in most other countries, Christians were absolutely prohibited, by the laws both of the church and state, from bargaining for interest; but as Jews, according to the Mosaic law, were allowed to lend at interest to a stranger, its exaction by them was at first connived at, and subsequently authorised by law: the same privilege being afterwards extended to the Italian or Lombard merchants. In consequence of this exemption, many Jews early settled in England, and engrossed a large share of the commerce of the kingdom. Such, however, was the contempt in which they were held, that they and their families were regarded as the slaves of the crown, by whom they were not unfrequently plundered, under the miserable pretence of punishing them for their 'hellish extortions.' To such an extent, indeed, were these oppressive practices carried, that a particular exchequer, called the *Exchequer of the Jews*, was established for receiving the sums extorted from them in fines, customs, forfeitures, tallages, &c.* In consequence they were obliged to indemnify themselves by charging an enormous interest; so that at nearly the same time that the republic of Genoa, where sounder principles prevailed, was paying from 7 to 10 per cent. interest on loans, and that bills were discounted in Barcelona at 10 per cent., we are told by Matthew Paris that the debtor in England paid 10 per cent. every two months! This, indeed, was quite impossible as a general practice; but it may not be far from the rate charged on the few loans that were then made†.

The disorders occasioned by this ruinous interference on the part of government, at length became so serious that,

* Campbell's Political Survey of Great Britain, vol. ii. p. 30. Edington on the Coal Trade, p. 41, &c.

* Madox's History of Exchequer, p. 150.
† Hallam's Middle Ages, vol. iii. p. 402.

notwithstanding the powerful prejudice to the contrary, a statute was passed in 1646, (37th Hen. VIII. cap. 7,) legalizing the taking of interest to the extent of *ten per cent. per annum;* and this because, as is recited in the words of the act, the statutes 'prohibiting interest altogether have so little force that little or no punishment hath ensued to the offenders.' In the reign of Edward the VI. the horror against taking interest seems to have revived in full force; for in 1552 the taking of *any* interest was again prohibited 'as a vice most odious and detestable,' and 'contrary to the word of God.' But in despite of this denunciation, the ordinary rate of interest, instead of being reduced immediately, rose to 14 *per cent.;* and continued at this rate, until 1571, when an act was passed (13th Eliz. cap. 8), repealing the act of Edward VI. and reviving the act of Henry VIII., allowing 10 *per cent.* interest. In the preamble to this act, it is stated 'that the prohibiting act of Edward VI. had not done so much good as was hoped for; but that rather the vice of usury hath much more exceedingly abounded, to the utter undoing of many gentlemen, merchants, occupiers, and others, to the importable hurt of the commonwealth.' This salutary statute was opposed, even by those who, it might have been expected, would have been among the first to emancipate themselves from the prejudices of the age, with all the violence of ignorant superstition. Dr. John Wilson, a man famous in his day, and celebrated for the extent and solidity of his learning, stated in the House of Commons that 'it was not the amount of the interest taken that constituted the crime, but that all lending for any gain, be it ever so little, was wickedness before God and man, and a damnable deed in itself, and that there was no mean in this vice any more than in murder or theft!' In order to quiet the consciences of the bench of bishops, a clause was inserted, declaring all usury to have been forbidden by the law of God, and to be in its nature sinful and detestable! When first enacted this statute was limited to a period of five years, but 'forasmuch as it was by proof and experience found to be very necessary and profitable for the commonwealth of this realm,' it was in the same reign made perpetual. (39th Eliz. cap. 18.)

In the 21st of James I. the legal rate of interest was reduced to 8 *per cent.* by an act to continue for seven years only, but which was made perpetual in the succeeding reign (3d Car. I. cap. 4.) During the Commonwealth the legal rate of interest was reduced to 6 *per cent.*, a reduction which was soon after confirmed by the act of 12th Car. II. And finally, in the reign of Queen Anne, a statute (12th Anne, cap. 16) was framed, reducing the rate of interest to 5 *per cent.*, at which it now stands.

No complaint was so prevalent during the reigns of the princes of the house of Tudor, as that of the increase of sheep-farming, and the decay of tillage and population. Soon after the accession of Henry VII. it was enacted, in order to arrest the progress of the supposed evil, that the owner of every house let to farm, with twenty acres of land in tillage, should be obliged under penalty of the king's incurring a moiety of the profits of such lands, to keep up such houses and buildings upon them as were required for keeping them in tillage. This law was commended by Sir Thomas More and Lord Bacon,—a striking proof, if any such were required, how little the principles of public economy were then understood. Statutes to the same effect were passed in the reigns of Henry VIII., Edward VI., Philip and Mary, and Elizabeth. They appear, however, to have had little influence. The current of circumstances could not be controlled; and lands continued to be enclosed and consolidated into larger farms, notwithstanding the denunciations of the clergy, the lamentations of patriots, and the prohibitions of the legislature.

Many attempts have been made, but seldom with much success, to explain the circumstances that led to this change in the mode of occupying land, and in the constitution of society. In point of fact, however, it was really nothing more than the necessary result of the breaking up of the feudal system. The modes in which the nobles could display their magnificence being no longer the same, money and not services came to be in demand. The foundations of the feudal system had been shaken in the reign of Edward IV., and most part of it was thrown down in that of Henry VII. The suppression of the practice of giving liveries, and of keeping large bodies of retainers constantly at command, took from the barons the principal motive that had induced them to subdivide

their estates. Instead of endeavouring to excel each other in the number and boldness of their retainers, their competition was diverted into less dangerous channels—in vying with each other in the sumptuousness of their houses and tables, and the splendour of their equipages. The rude magnificence in which they formerly lived needed, with the exception of supplies of wine and a few other articles, little that was not produced at home. But this simplicity no longer sufficed. The products of foreign countries became more and more the objects of desire. To acquire the means of supporting this increased expense, the landlords began to consolidate their properties, and to turn them to the best account; and as woollen-manufactures and wool were the only great articles produced in the country that met with a ready and advantageous sale abroad, the increasing demand for foreign commodities led to a corresponding increase in the demand for woollens and wool for exportation, and the consequent extension of the sheep husbandry. Had there been any other native commodity, that would have answered better as an article for sending abroad, it would have been raised in preference. But most of our home manufactures for exportation grew up by slow degrees; and during the reign of the Tudors woollen goods and raw materials were almost the only means of traffic. Hence the extension of sheep-farming so much complained of, and the impotence of all attempts to counteract it; and hence also the decline of that system, when the country began to be more copiously supplied with other exportable articles.

So inconsequential was the legislature in its proceedings during the reign of the Tudors, that at the very period it was passing acts prohibiting the extension of tillage, and limiting the size of farms and the number of sheep an individual might keep, (25 Hen. VIII. cap. 15, &c.,) laws were actually enacted to prevent the slaughter of calves, and to increase the breed of neat cattle! (21 Hen. VIII. cap. 8, &c.) The exportation of corn was also prohibited, except when its price was ruinously low. This was evidently to destroy with the one hand what was raised up with the other. Wool was produced in preference to corn because it might be manufactured and exported, and was found, principally on that account, to be most profitable. Had the free exportation of corn been allowed, its value relatively to wool would have risen, and the advantage on the side of the former would have been reduced; but by preventing its exportation the market was glutted with corn, and the unnatural depression of its value prevented the statutes for promoting its cultivation from having any effect. The increased price of corn towards the latter part of the reign of Elizabeth, and the greater freedom of exportation that was then allowed, gave the first effectual encouragement to tillage. But we need not wonder at the contradictory policy of our ancestors. Even now it is far from being universally acknowledged that the self-interest of the producers will always lead them to employ themselves in the mode that is most advantageous; and that all legislative enactments, intended to force capital and industry into channels in which they would not naturally flow, are either useless or pernicious.

The first laws and regulations as to the support of the poor were enacted under the princes of the Tudor line. No legislative notice seems to have been taken of the poor till 1376; and their existence as a separate class was not recognized previously to the fourteenth century. The truth is, how paradoxical soever the assertion may at first appear, that we owe the origin of the poor to the overthrow of the feudal system, and the establishment of liberty and independence. For several centuries after the conquest, the mass of the inhabitants of England were in a state of predial slavery. They could not leave the lands to which they were attached; they were the property of their owners, who, though they were prohibited from killing them, might beat them with impunity. During this state of society, the poor, in the modern acceptation of the term, were necessarily unknown; for, being slaves, they could look to none but their lords for support. But after towns began to be enfranchised, and to acquire privileges, and manufactures were established, a class of independent labourers was formed; the maimed, impotent, and unemployed portion of which, having no one on whom they could fall back, became a burden on the public, and were designated *the poor*. The sudden breaking up of the feudal system under Henry VII., and the practice then so generally followed by the lords of sub-

stituting money-rents in the place of services, and of dismissing their retainers, added greatly to the numbers of the poor; these were still further augmented in the reign of Henry VIII. by the dissolution of the monasteries, which had been pretty generally in the habit of contributing largely to the support of the dependent portion of the community. Some idea may be formed of the influence of this sudden change in the condition of society from an act of Henry VIII., (3 Hen. VIII. cap. 15,) in which it is stated that 60,000 persons were then imprisoned for debts and crimes! The necessity of endeavouring, if possible, to put a stop to such disorders, led, in the reigns of Henry VII. and his successors, to different legislative measures with respect to the poor. At first, an attempt was made to provide for their wants by voluntary contributions; but this having failed, a compulsory provision was resorted to, which was perfected and completed by the famous act of the 43d of Elizabeth, which continues, to this day, the foundation of the entire fabric of the poor-laws. This is not the place to enter into any detailed examination as to the policy of this system. But it appears to us, (that is, to the writer of this article, who alone is responsible for this opinion,) after allowing liberally for its defects, to have been, on the whole, singularly advantageous. It improved the character of the poor by giving them a security against want; at the same time that it prompted the landlords, and other persons of influence, from a regard to their own interests, to take measures for checking the growth of cottages, the subdivision of farms, and the too rapid increase of the labouring class. Its influence on manufactures and commerce has, we think, been most salutary. By providing a resource for the poor in periods of national distress, or when the usual channels of employment were obstructed, it has preserved the public tranquillity unimpaired;—a condition indispensable to the full development of the national resources, and to the continued growth of capital.

We must here close these brief and desultory notices of the rise of commerce and industry in England, and of their progress down to the accession of the house of Stuart. The foundation of the colonies in America and the West Indies, and the opening of the trade to India, gave a wonderful stimulus to industry, and excited a spirit of bold and daring enterprise, which was further promoted by various circumstances, some of which, though less striking, were not, perhaps, less powerful. But as any attempt to trace the progress of commerce in England since 1600 would require an amplitude of detail quite inconsistent with the objects and limits of the present treatise, it must be deferred to some other opportunity.

The reader will observe, that we have passed very cursorily over the important subjects of the corn trade and the colonies. This was not done through inadvertence, but intentionally. The object of this treatise was to unfold principles applicable to all sorts of commercial transactions, without entering into discussions relative only to single branches. Both the subjects now alluded to are of such interest and importance, and involve so many distinctive and peculiar details, that each would require for its proper discussion a treatise not much less than this. We flatter ourselves that the *principles* according to which the trade in corn, and the intercourse with colonial possessions ought to be conducted, will be found sufficiently explained in these pages. But those who wish to go farther, who desire to be informed as to the peculiar regulations under which the corn and colony trades have been placed, and the reasonings of those by whom these regulations have been impugned and defended, must resort to publications treating exclusively of such subjects.

We intended at one time to have added to this treatise tables of the principal coins, weights and measures made use of in this and other countries; but, on reflection, we considered it better that these should be collected in a separate treatise; not only because adequate space would thus be found for the proper treatment of the subject, but that any individual might have it in his power to obtain Tables of great practical utility, without their being tacked to anything else.

We cannot better conclude this treatise than in the words of Mr. Stevenson: —'What a picture does modern commerce present of the boundless desires of man, and of the advancement he makes in intellect, knowledge, and power, when stimulated by these de-

sires! Things familiar to use cease to attract our surprise and investigation; otherwise we should be struck with the fact, that the lowest and poorest peasant's breakfast-table is supplied from countries lying in the remotest parts of the world, of which Greece and Rome, in the plenitude of their power and knowledge, were totally ignorant. But the benefits which mankind derives from commerce are not confined to the acquisition of a greater share and variety of the comforts, luxuries, or even the necessaries of life. Commerce has repaid the benefits it has received from geography: it has opened new sources of industry; of this the cotton manufactures of Great Britain are a signal illustration and proof:—it has contributed to preserve the health of the human race, by the introduction of the most valuable drugs employed in medicine. It has removed ignorance and national prejudices, and tended most materially to the diffusion of political and religious knowledge. The natural philosopher knows, that whatever affects, in the smallest degree, the remotest body in the universe, acts, though to us in an imperceptible manner, on every other body. So commerce acts; but its action is not momentary; its impulses, once begun, continue with augmented force. And it appears to us no absurd or extravagant expectation, that, through its means, either directly, or by enlarging the views and desires of man, the civilization, knowledge, freedom and happiness of Europe will ultimately be spread over the whole globe.'

J. R. M'Culloch.

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